



# SCAN STEELS LTD.

CIN : L27209MH1994PLC076015

Registered Office : Office No.: 104, 105, E-Square, Subhash Road,  
Opp. Havmor Ice Cream, Vile Parle (East), Mumbai-400057  
Ph.: +91-0222 618 5461, +91-0222 618 5462, Fax : +91-0222 618 5463  
E-mail : scansteels@scansteels.com, Web.: www.scansteels.com

Date: 03<sup>rd</sup>September, 2021

To,  
The Secretary,  
Listing Department,  
Bombay Stock Exchange Limited  
Floor 25, P.J. Towers, Dalal Street,  
Mumbai- 400 001.

Sub.: Submission of Annual Report pursuant to Regulation 34 of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015.

Scrip Code - 511672.

Dear Sir/Madam,

Please find enclosed herewith the 28th Annual report along with Annual Accounts of Scan Steels Limited for the Financial Year 2020-21. The Notice convening the Annual General Meeting of the Company forms part of this Annual report.

The Annual Report is also available on our website Under Investor Relations Segment

This information is being submitted pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

This is for your information and records.

Thanking you,  
For **SCAN STEELS LIMITED**  
For Scan Steels Limited

  
**Company Secretary**

Prabir Kumar Das  
President and Company Secretary  
Encl: As above.

Works : Vill- Rambahal, Po- Keshramal, Near Rajgangpur, Dist- Sundargarh-770017 Odisha  
Ph.: 06624 - 280 327 / 328, Fax : 06624 - 280 326

**MANUFACTURERS OF : SPONGE IRON, M.S. BILLETS, TMT RODS & ANGLES**



# ANNUAL REPORT

**& FINANCIAL STATEMENTS 2020-21**

28th Annual General Meeting

**SCAN STEELS LTD.**

Regd. Office : Off. No. 104,105, E-Square, 1st Floor, Subhash Road,  
Opp. Havmor Ice- Cream, Vile Parle (East), Mumbai - 57

Tel: 022-26185461/62 Fax 022-26185463

Web site: [www.scansteels.com](http://www.scansteels.com),

E-mail: [scansteels@scansteels.com](mailto:scansteels@scansteels.com) / [secretarial@scansteels.com](mailto:secretarial@scansteels.com)





**Sawarmal Gadodia**  
Scan Group Founder & Visionary



ANDAR SE MAZBOOT





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#### **Notice**

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#### **Go Green Initiative**

#### **Scan Steels Ltd.**

#### **Achievements**

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

The Company has been honoured with ISO 9001:2008, ISO: 14001, OHSAS: 180001 & ISI: 1786 Certificates.

#### **Forward-looking statement**

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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**\*The financial and statutory data presented in this Report is in line with the requirements of the Companies Act, 2013 (including the rules made thereunder), Indian Accounting Standards, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Secretarial Standards issued by The Institute of Company Secretaries of India.**





Scan Steels approach to reporting aims at providing quantitative and qualitative disclosures on our relationships with the stakeholders and how our leadership, culture and strategy are aligned to deliver value while managing risks and changes to the external environment. Our Report continues to evolve towards enhanced disclosures to meet the requirements of our investors and other stakeholders.

At Scan Steels, we leverage our innovation capabilities, technology leadership and focus on sustainability to create long-term value.

We effectively utilised our resources and delivered production at scale

## KEY PERFORMANCE INDICATOR

**Total Revenue (₹in crore)** 10.16% y-o-y

**₹ 736.46**

|                   |               |
|-------------------|---------------|
| <b>FY 2020-21</b> | <b>736.46</b> |
| FY 2019-20        | 668.54        |
| FY 2018-19        | 696.21        |

**EPS (₹per share)** 9683% y-o-y

**₹5.87**

|                   |             |
|-------------------|-------------|
| <b>FY 2020-21</b> | <b>5.87</b> |
| FY 2019-20        | 0.06        |
| FY 2018-19        | 1.27        |

**PAT & PAT Margin (₹in crore)** 9509% y-o-y

**₹30.75**

|                   |              |
|-------------------|--------------|
| <b>FY 2020-21</b> | <b>30.75</b> |
| FY 2019-20        | 0.32         |
| FY 2018-19        | 6.65         |

**Net-worth (₹in crore)** 11.58% y-o-y

**₹300.16**

|                   |               |
|-------------------|---------------|
| <b>FY 2020-21</b> | <b>300.16</b> |
| FY 2019-20        | 269.01        |
| FY 2018-19        | 268.56        |



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

|                            |   |
|----------------------------|---|
| Shri. Rajesh Gadodia       | : Non- Executive<br>Chairman                    |
| Shri. Ankur Madaan         | : Whole – Time<br>Director                      |
| Shri. Praveen Kumar Patro  | : Executive<br>Director                         |
| Shri. Punit Kedia          | : Independent<br>Director                       |
| Shri. Vinay Goyal          | : Independent<br>Director (Up to<br>05.06.2021) |
| Shri Shravan Kumar Agrawal | : Independent<br>Director (w.e.f<br>15.06.2021) |
| Smt. Debjani Sahu          | : Independent<br>Women Director                 |

### PRESIDENT & COMPANY SECRETARY

Shri. Prabir Kumar Das

### CHIEF FINANCIAL OFFICER

Shri. Gobinda Chandra Nayak

### AUDITORS

#### STATUTORY AUDITORS

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

#### COST AUDITORS

M/s. Ray Nayak and Associates,  
Cost Accountants

#### SECRETARIAL AUDITORS

M/s. Amarendra Mohapatra & Associates,  
Practicing Company Secretary

#### INTERNAL AUDITORS

M/s. C B A & Associates,  
Chartered Accountants

### BANKERS

State Bank of India  
Punjab National Bank

### INSURANCE

United India Insurance Company Limited  
The New India Assurance Company Limited

### REGISTRAR & TRANSFER AGENT

Adroit Corporate Services Pvt. Limited  
17-20, Jafferbhoy Industrial Estate,  
Makwana Lane, Marol Naka,  
Andheri (E), Mumbai-400 059.  
Tel: +91 22 42270400 / +91 22 42270423  
+91 22 42270427 / +91 22 42270422  
Fax: +91 22 28503748  
Email: sandeeps@adroitcorporate.com  
rameshg@adroitcorporate.com  
prafuls@adroitcorporate.com  
info@adroitcorporate.com  
Web Site: www.adroitcorporate.com

### REGISTERED OFFICE:-

104-105, "E- Square", 1St Floor,  
Subhash Road, Opp. Havmor Ice Cream,  
Vile Parle (E), Mumbai – 400057  
Ph.: 022-26185461/62, Fax: 022-26185463  
Email – id: secretarial@scansteels.com  
Web: www.scansteels.com

### CORPORATE OFFICE

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

### WORKS

#### Scan Steels Limited

**Unit -1** Rambahal, At- Keshramal, Rajgangpur,  
Sundergarh (Odisha)

**Unit -2** Gangajal, Budhakata, Sundergarh, Odisha

**Unit-3** Bai-bai, Tudalaga, Sundergarh, Odisha

**Unit-4** Vill -Veniveerapura, Bellary, Karnataka

Email – id: secretarial@scansteels.com  
scansteels@scansteels.com

Web: www.scansteels.com

## CHAIRMAN'S MESSAGE

**At Scan Steels, we not only pursue financial outcomes but also invest in the sustainability and preservation of natural resources, technology, the development and well-being of our employees as well as communities to make us future-ready.**



**Dear Shareholders,**

It gives me immense pleasure to welcome you all to the 28th Annual General Meeting of Scan Steels Limited. The ensuing pandemic in the world has taken every body hostage. We are living and doing business with new normal, we don't know, how much time, we will be under the hostage drama. During the first wave of covid 19, business was transfixed. But strategic move by govt of India to balance life and livelihood, gives impetus for business sector to recover from the lost ground slowly. I would have very much liked to meet and address you in person, but as you know, we are holding this meeting over a virtual platform due to the unprecedented health crisis triggered by the

COVID-19 pandemic that not only posed significant threat to human life, but also impacted livelihood. I would like to thank you for sparing the time to join us today from wherever you are, and for your continued faith in Scan Steels Limited and its management. I hope you and your family members are remaining healthy and staying safe.

As you know, the Fiscal year 2021 started off with lots of hope and aspiration for market consolidation, but again pandemic come with Monster disposition to engulf. The back bone of Indian economy is infrastructure sector, which contribute huge to the national GDP directly and indirectly, the infra sector was in full swing during the second wave, this was an opportunity in the crisis and our leadership team have visualised the opportunity and capitalised with aggressive strategy to regain the glory.

SCAN STEELS LIMITED has created history by going beyond it all records of its annual of business since its inception. Sales volume, revenue generation, Manufacturing excellence, bottom line enhancement and community development have marked with exception result this year.

I must acknowledge the understanding and support of our numerous customers; on whose trust we continue to evolve and grow.

I would also like to convey my appreciation to the employees of Scan Steels Limited as well as its dealers, business associates and vendors and their families for their laudable efforts in pursuing business continuity and their ongoing and relentless efforts towards restoring growth trajectory in our organisation. With courage and conviction, and diligence and determination, they continue to contribute, placing the Company's interests above their own. Their commitment and sacrifices will definitely be recorded in the history of our glorious Company.

In FY2020-21 financial results, the turnover is ₹736.45 crore during this financial year against the revenue of ₹30.74 crores. And the turnover of the first quarter of 2021-22 is ₹239.17 crore against the revenue of ₹21.79 crores. This has been a wonderful year beyond our expectations.

Apart from big cities in odisha, our presence is strong in rural packets too and **Shrishtii** brand is always a household name in eastern India.

Apart from adjusting to the new normal and coping with intermittent lockdowns, our focus continues to be on maintaining market leadership in our chosen geographical areas of business. Prudent capital allocation, efficient cash management and a tight cost structure shall be our top priorities in coming times

It is important for us to preserve our identity and leadership as a trusted by our value chain partners both in B2B and B2C sales segments and to pursue profitable growth with distinctly different and appropriate strategies that the businesses call for.

In the AGM, I would like to tender my goodwill gesture and thankfulness for the stakeholders, value chain partners and all employees of Scan Steels Ltd. The unstinted supports of all have put us right picture throughout the year.

Thanking you

Place: Bhubaneswar  
Date: 25th August, 2021

With kind regards,

**Rajesh Gadodia**  
Chairman  
(DIN: 00574465)

## SCAN STEELS LIMITED

(CIN: L27209MH1994PLC076015)

Regd. Office: Off. No. 104-105, "E-Square", Subhash Road,

Opp.Havmor Ice- Cream, Vile Parle (East), Mumbai - 57

Tel: 022-26185461/62 Fax 022-26185463

Web site: www.scansteels.com, E-mail: secretarial@scansteels.com

## NOTICE

**NOTICE** is hereby given that the Twenty Eighth Annual General Meeting of the members of **SCAN STEELS LIMITED** will be held on Thursday, the 30<sup>th</sup> day of September, 2021 at 10.30 A.M. IST through two-way Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS: -

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a director in place of Mr. Rajesh Gadodia (DIN: 00574465), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS: -

3. **Appointment of Mr. Shravan Kumar Agrawal (DIN 09139761) as an Independent Director**

To consider, and if thought fit, to pass, the following Resolution as a **Special Resolution**:

**"RESOLVED THAT Mr. Shravan Kumar Agrawal (DIN 09139761) who was appointed as an Additional Director of the Company with effect from June 15, 2021 by**

the Board of Directors on the recommendation of Nomination and Remuneration Committee and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ('the Act'), but who is eligible for appointment and has consented to act as a Director (Non-Executive-Independent) of the Company 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, be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions of the Act [including any statutory modification(s) or re-enactment(s) thereof for the time being in force], the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended and Regulation 17 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as amended and the Articles of Association of the Company, the appointment of Mr. Shravan Kumar Agrawal, who has submitted a declaration that he meets the criteria for independence

as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI Listing Regulations, as amended and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a First term of 5 (five) consecutive years commencing from June 15, 2021 to June 14, 2026 (both days inclusive), be and is hereby approved.”

#### 4. Approval of Related Party Transaction

To consider, and if thought fit, to pass, the following Resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Pursuant to the Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) as amended, subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, and the Company’s policy on Related Party transaction(s), and pursuant to the consent of the Audit Committee and Board Of Directors of the Company vide resolutions passed in their respective meetings held on 15.06.2021 approval of Shareholders be and is hereby accorded to the Board of Directors of the Company (including any committee thereof) to enter into contract(s)/ arrangement(s)/ transaction(s) with the Shrishti Trading Corporation Pvt. Ltd.,

a related party within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for Purchase / Sale of Steel Products, on such terms and conditions as the Board of Directors may deem fit, up to a maximum aggregate value of ₹ 500 Crore per Financial Year from the financial year 2021-2022 and onwards, provided that the said contract(s)/ arrangement(s)/ transaction(s) so carried out shall at all times be on arm’s length basis and in the ordinary course of business of the Company.

“**RESOLVED FURTHER THAT** Mr. Prabir Kumar Das, Company Secretary of the Company be and is hereby authorised to settle any question, difficulty or doubt that may arise with regard to giving effect to the above Resolution; sign and execute necessary documents and papers on an ongoing basis and to do and perform all such acts, deeds and things as may be necessary or in its absolute discretion deem necessary, proper, desirable and to finalize any documents and writings in this regard.

“**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers conferred on it by or under this Resolution to any Committee of Directors of the Company or to any one or more Directors of the Company or any other officer(s) or employee(s) of the Company as it may consider appropriate in order to give effect to this Resolution.”

#### 5. Ratification of Cost Auditors’ Remuneration

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



**“RESOLVED THAT**, pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit & Auditors), Rules, 2014 (including any statutory modification(s) thereto or re-enactment thereof, for the time being in force), the remuneration, as approved by the Board of Directors, to be paid to the cost auditors Messrs. Ray, Nayak

& Associates, Cost Accountants, appointed by the Board of Directors of the Company on the recommendation of the Audit Committee to conduct audit of Cost Records maintained in respect of all applicable products of the Company for the financial year 2021-22, at ₹ 55000/- plus tax as applicable, and reimbursement of out-of-pocket expenses incurred, be and is hereby ratified.”

**REGISTERED OFFICE:-**

104-105, “E- Square”, Subhash Road  
Opp. Havmor Ice Cream, Vile Parle (E)  
Mumbai – 400057  
CIN: L27209MH1994PLC076015  
Web Site: [www.scansteels.com](http://www.scansteels.com)  
Email – id: [secretarial@scansteels.com](mailto:secretarial@scansteels.com)

BY ORDER OF THE BOARD  
FOR SCAN STEELS LIMITED

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

Place: Bhubaneswar  
Date: 25th August, 2021



## NOTES

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the 28th Annual General Meeting of the Company (the "Meeting" or "AGM") under Item Nos. 3 to 5, is annexed hereto
2. Information under regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of Secretarial Standard -2 on General Meetings issued by the Institute of Company Secretaries of India, in respect of the directors seeking appointment / re-appointment ( and fixation of the terms of remuneration of Directors) at the AGM, forms integral part of the notice. The Director(s) have furnished consent / declaration for his/their appointment / re- appointment as required under the Companies Act, 2013 and the Rules there under.
3. As one of the measures to contain the spread of the Covid-19 pandemic, social Distancing norms to be followed, the Ministry of Corporate Affairs ("MCA") has vide its circular No. 20/2020 dated May 5, 2020 read with circulars No. 14/2020 dated April 8, 2020, circulars No. 17/2020 dated April 13, 2020 and Circular No. 02/2021 dated 13.01.2021 (collectively referred to as "MCA Circulars") and SEBI Circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12.05.2020 read with Circular no. SEBI/HO/CFD/ CMD2/CIR/P/2021/11 dated 15.01.2021 Issued by the Securities and Exchange Board of India (SEBI) permitted the holding of Annual General Meetings through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA /applicable SEBI Circulars, the **forthcoming Annual General Meeting of the Company ("AGM") is being held through two-way video conferencing (VC) or other audio-visual means (OAVM) only.** Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
4. In continuation of Ministry's **General Circular No. 20/2020**, dated 05th May, 2020 the AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January,13,2021 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020.
5. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. However, Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, SEBI Circular dated 12.05.2020 read with SEBI Circular dated. 15.01.2021 and MCA General Circular No. 17/2020 dated April 13, 2020 and 20/2020 dated May 5, 2020 read with Circular No.02/2021 dated 13.01.2021 as the Forthcoming AGM is being held through VC / OAVM, and physical attendance of Members has been dispensed with, the facility to appoint proxy to attend and cast vote for the members is not available for this 28<sup>th</sup> AGM. and therefore, the Proxy Form and Attendance Slip is not annexed to this Notice. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.



6. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) intending to attend the meeting through their authorised representative are required to send a scanned certified copy (PDF Format) of their Board of Directors or governing body's Resolution/Authorization, authorizing their representative(s) to attend the AGM through VC / OAVM on their behalf and to vote through remote e-voting, to the Scrutinizer by uploading in PDF format in the system for the scrutinizer to verify the same. Alternatively, to the Scrutinizer and to the Company at the email address viz; secretarial@scansteels.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same before the commencement of the AGM.
7. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act read with MCA Circular No. 14/2020 dated April 8, 2020.
8. In line with the Ministry of Corporate Affairs (MCA) Circular No. 14/2020 dated April 8, 2020 read with circulars No. 17/2020 dated April 13, 2020, and circular No. 20/2020 dated May 5, 2020, Circular No. 02/2021 dated 13.01.2021 the Notice calling the 28<sup>th</sup> AGM has been uploaded on the website of the Company at www.scansteels.com under Investor Relation Segment. The Notice can also be accessed from the website of the Stock Exchange i.e., BSE Limited at www.bseindia.com The AGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM) i.e., www.evotingindia.com
9. The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated 13.01.2021 read with applicable SEBI circulars dated 12.05.2020 and 15.01.2021.
10. Members are requested to notify changes, if any, with the requisite Documents pertaining to their change in name, postal address/residential status, email address, telephone/mobile numbers, Permanent Account Number (PAN), AADHAR No., mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.,
  - a. To their depository participants (DP) in respect of shares held in dematerialized form, and
  - b. To Registrar and Share Transfer Agent of the Company- **Adroit Corporate Services Pvt. Ltd**, whose office is located at 17-20, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane, Marol Naka, Andheri-E, Mumbai - 400059, Maharashtra, email- info@adroitcorporate.com Web Site: www.adroitcorporate.com, in respect of shares in physical form, under their signatures and quoting respective folio number.
11. The Securities and Exchange Board of India (SEBI) Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, has mandated the submission of Permanent Account Number (PAN) and Bank account details by every participant in securities market and to comply with the said circular Company had already sent Intimation along with the two reminders Letter on 20.07.2018, 21.09.2018 and 23.11.2018 to its shareholders holding Physical Shares seeking their PAN, Bank Details and email address. The shareholders who have not yet responded with their details are requested to furnish the same to the Company / RTA - Adroit Corporate Services Pvt. Ltd. And Members holding shares in electronic form are, therefore, requested to submit/update

their PAN and Bank account details to their Depository Participants with whom they are maintaining their demat accounts.

12. As per Regulation 40(7) of the Listing Regulations read with Schedule VII to the said Regulations, for registration of transfer of shares, the transferee(s) as well as transferor(s) shall mandatorily furnish copies of their Income Tax Permanent Account Number (PAN) Card. Additionally, for securities market transactions and / or for off market / private transactions involving transfer of shares in physical mode for listed Companies, it shall be mandatory for the transferee(s) as well as transferor(s) to furnish copies of PAN Card to the Company / RTA for registration of such transfer of shares. In case of transmission of shares held in physical mode, it is mandatory to furnish a copy of the PAN Card of the legal heir(s) / Nominee(s). In exceptional cases, the transfer of physical shares is subject to the procedural formalities as prescribed under SEBI Circular No. SEBI/HO/MIRSD/DOS3/CIR/P/2018/139 dated November 6, 2018.
13. As per Regulation 40 of SEBI Listing Regulations, as amended (vide SEBI Circular No. SEBI/LAD-NRO/ GN/2018/24 dated June 08, 2018 read with SEBI Circular dated December 03, 2018 with effect from April 01, 2019) securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. For Share transfer documents and all correspondence relating thereto, Members can contact RTA-Adroit Corporate Services Pvt. Limited at 17-20, Jafferbhoy Industrial Estate, Makwana Lane, Marol Naka, Andheri (E), Mumbai-400 059. Tel: +91 22 42270400 / +91 22 42270423 or at their designated email id: info@adroitcorporate.com / sandeeps@adroitcorporate.com for assistance in this regard.
14. Pursuant to Section 72 of the Companies Act, 2013, Members are entitled to make a nomination in respect of shares held by them. Members desirous of making a nomination, pursuant to the Rule 19(1) of the Companies (Share Capital and Debentures) Rules, 2014 are requested to send their requests in Form No. SH- 13, to the RTA of the Company. Further, Members desirous of cancelling/ varying nomination pursuant to the Rule 19(9) of the Companies (Share Capital and Debentures) Rules, 2014, are requested to send their requests in Form No. SH-14, to the Registrar and Transfer Agent of the Company. These forms will be made available on request.
15. Members are requested to kindly mention their Folio Number / Client ID and DP ID Number (in case of demat shares) in all their correspondence with the Companies Registrar in order to reply to their queries promptly, and for easy identification.
16. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names as per the Register of Members of the Company will be entitled to vote.
17. Notice is also given under section 91 of the Companies Act, 2013 read with Regulation 42 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 that the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 23<sup>rd</sup> day of September, 2021 to Thursday, the 30<sup>th</sup> day of September, 2021 (both day inclusive).

18. Members desirous of obtaining any information concerning Accounts and operations of the Company are requested to address their questions in writing to the Company or by sending an email to Company on [secretarial@scansteels.com](mailto:secretarial@scansteels.com) at an early date so as to enable the management to keep the information ready at the meeting.
19. The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members.

To support this green initiative of the Government in full measure, and to receive notices of meetings, annual reports and other documents or communications from the Company, members who have not registered /Updated their e-mail addresses, so far, are requested to register/update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register/update the same with our Registrar & Share Transfer Agent - **Adroit Corporate Services Pvt. Ltd**, whose office is located at 17-20, Jafferbhoy Industrial Estate, 1st Floor, Makwana Lane, Marol Naka, Andheri-E, Mumbai - 400059, Maharashtra. Tel: +91 22 42270400 or can send Email: on [info@adroitcorporate.com](mailto:info@adroitcorporate.com) - cc: to [sandeeps@adroitcorporate.com](mailto:sandeeps@adroitcorporate.com) , [rameshg@adroitcorporate.com](mailto:rameshg@adroitcorporate.com), [prafuls@adroitcorporate.com](mailto:prafuls@adroitcorporate.com) or to the company at [secretarial@scansteels.com](mailto:secretarial@scansteels.com) with details of Name, folio number and attaching a self-attested copy of the PAN Card.

20. In compliance with the aforesaid MCA Circulars (April 13, 2020, May 5, 2020 and January 13, 2021 read with April 08, 2020) and SEBI Circular dated May 12, 2020 read with Circular dated January 15, 2021,

issued in the wake of COVID-19 pandemic Notice of the AGM along with the Annual Report 2020-21 is being **sent only through electronic mode** to those Members whose email addresses are registered with the Company's RTA - **Adroit Corporate Services Pvt. Ltd** / Depositories.

We, request all the shareholders, who have not yet registered their e-mail addresses, and in consequence the Annual Report, Notice of AGM and e-voting notice could not be serviced, may also temporarily provide their email address and mobile number to the Company at [secretarial@scansteels.com](mailto:secretarial@scansteels.com) By following the process as guided to capture the email address for sending the soft copy of the notice and e-voting instructions along with the User ID and Password.

Alternatively, member may send an e-mail request to RTA at [info@adroitcorporate.com](mailto:info@adroitcorporate.com) along with scanned signed copy of the request letter providing the email address, mobile number, self-attested PAN copy and Client Master copy in case of electronic folio and copy of share certificate in case of physical folio for sending the Annual report, Notice of AGM and the e-voting instructions.

Members may also note that Company had already published the Public Notice for its Shareholders on 02.07.2021 in Financial Express (English) and pratahkal (Marathi) News Papers requesting them to register/update their **Email IDs** for supply of Annual Reports, Notice of AGM and other communications from the Company with the Procedure(s) to do so.

21. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.

22. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form SH - 13 can be obtain from Adroit Corporate Services Pvt. Limited (RTA), Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant (DP).

The said form can also be downloaded from the Company's website [www.scansteels.com](http://www.scansteels.com) (under 'Investors' section).

23. Members holding share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant share certificates to Registrar & Share Transfer Agent - **Adroit Corporate Services Pvt. Ltd** for consolidating their holdings under one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

#### 24. VOTING THROUGH ELECTRONIC MEANS

In compliance with Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), and Secretarial Standard-2 on General Meetings and also, in the wake of Covid-19 pandemic as per MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020, January 13, 2021 read with SEBI applicable circulars, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting by electronic means and the business may be transacted through e-voting services arranged by Central Depository Services (India) Limited ("**CDSL**"). The members may cast their votes using an

electronic voting system ("**remote e-voting**") for the ensuing Annual General Meeting.

**The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.** instructions for e-voting are given here in below.

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

- (i) The remote e-voting period begins on Monday, 27<sup>th</sup> September, 2021 from 9.00 a.m. and ends on Wednesday, 29<sup>th</sup> September, 2021 at 05.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 23<sup>rd</sup> September, 2021, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting after 5.00 p.m. on 29<sup>th</sup> September, 2021.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all**



the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242** dated December

**9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode** is given below:

| Type of shareholders  | Login Method   |
|---|--|
| Individual Shareholders holding securities in Demat mode with <b>CDSL</b> | <ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol> |

Individual Shareholders  
holding securities in demat  
mode with **NSDL**

- 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <https://eservices.nsd.com> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
- 2) If the user is not registered for IDeAS e-Services, option to register is available at <https://eservices.nsd.com>. Select “Register Online for IDeAS” Portal or click at <https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp>
- 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Individual Shareholders  
(holding securities in demat  
mode) login through their  
**Depository Participants**

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

| Login type  | Helpdesk details  |
|---|---|
| Individual Shareholders holding securities in Demat mode with <b>CDSL</b> | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43. |
| Individual Shareholders holding securities in Demat mode with <b>NSDL</b> | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30  |

- (v) Login method for e-Voting for **shareholders other than individual shareholders holding shares in physical form.**
- (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (ii) Click on “Shareholders” Tab.
- (iii) 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
- (iv) Next enter the image verification as displayed and Click on Login
- (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company,

then your existing password is to be used.

- (vi) If you are a first-time user follow the steps given below:

|  | For Members holding shares in Demat Form other than individual and Physical Form  |
|--|---|
| PAN  | <p>Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/ Depository Participant are requested to use sequence number in the PAN field sent by Company/RTA or Contact Company/RTA</li> </ul>        |
| Dividend Bank Details or Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• 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 (v).</li> </ul> |

- (vi) After entering these details appropriately, click on “SUBMIT” tab.
- (vii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other

Notice



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.

- (viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (ix) Click on the EVSN for the relevant **SCAN STEELS LIMITED** on which you choose to vote.
- (x) 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.
- (xi) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xii) 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.
- (xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xiv) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xv) If Demat account holder has forgotten the same password / login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvi) Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xvii) Note for Non-Individual Shareholders & Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module as Corporate and Custodians respectively.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto: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 emailed to [helpdesk.evoting@cdslindia.com](mailto: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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly

authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; secretarial@scansteels.com , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**Process for those shareholders whose email addresses are not registered with the depositories/RTA for obtaining login credentials for e-voting for the resolutions proposed in this notice:**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by sending email to **Company/RTA**.
  2. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by sending email to **Company/RTA**.
- (xviii) In case you have any queries or issues regarding attending AGM / grievances connected with the facility for e-voting on the day of the AGM & remote e-voting, from the e-Voting System, you may also refer the Frequently Asked Question (FAQ) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under the help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) OR Contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central

Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai – 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

- (xix) The voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date (record date) of 23<sup>rd</sup> September, 2021 and as per the Register of Members of the Company.
- (xx) Any person, who acquires shares of the Company and become member of the Company after E-Mailing of the Notice of Annual General Meeting and holding shares as on the cut-off date, i.e., 23<sup>rd</sup> September, 2021, may obtain the login ID and password by sending a request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). However, if you are already registered with CDSL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evotingindia.com](http://www.evotingindia.com). Alternatively, Members can also send request to RTA at [info@adroitcorporate.com](mailto:info@adroitcorporate.com).
- (xxi) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cutoff date only shall be entitled to avail the facility of remote e-voting before the AGM (During the E-voting Period) or e-voting at/During the Annual General Meeting to cast vote on all the resolutions set forth in the Notice of AGM.

Any recipient of the Notice, who has no voting rights as on the Cut-off date, shall treat this Notice as intimation only.

(xxii) M/s. A J & Associates (CS Abhijeet Jain), Practicing Company Secretaries, (Membership No. FCS 4975, CP No. 3426) of Diamond Chambers, 4, Chowringhee Lane, Block - 1, 4<sup>th</sup> Floor, Suite #4M, Kolkata - 700016. has been appointed as the Scrutinizer to scrutinize the remote e-voting process and the voting at/during the AGM by electronic mode in a fair and transparent manner. They have communicated their willingness to be appointed as such and they are available for the said purpose.

The Scrutinizer's decision on the validity of the votes will be final. Members can opt for only one mode of voting i.e., either through remote e-voting (before the AGM, During the E-voting Period) or voting at the AGM.

25. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013 and all other documents referred to in the Notice and Explanatory Statement/Annual Report will be available for inspection during business hours in between 11.00 a.m. to 01.00 p.m. on all working days (except Saturday, Sunday and Public Holiday) at the Registered Office of the company up to the date of the AGM, the same shall be available during the meeting hours in electronic mode however, suitably possible by the Company Alternatively, Members can also request by sending an e-mail to the Company at [secretarial@scansteels.com](mailto:secretarial@scansteels.com) up to and including the date of the Annual General Meeting of the Company.

**26. INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM AND FOR E-VOTING DURING THE AGM ARE AS UNDER:**

1. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
2. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis (as per the MCA Circulars).
3. No restrictions on account of First come first served basis entry into AGM will be applicable to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc.
4. The attendance of the Members (members logins) attending the AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. **Shareholder will be provided with a facility to attend the 28<sup>th</sup> AGM through VC/OAVM or view the live webcast through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. On this page the link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.**
6. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
7. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

8. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
9. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@scansteels.com]. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **10 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at [secretarial@scansteels.com]. These queries will be replied to by the company suitably by email.
10. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting once the floor is open for shareholders queries. The Company reserves the right to restrict the number of speakers/Time depending on the availability of time for the AGM. Please note that, members questions will be answered only if the shareholder continues to hold shares of the Company as on the cut-off date.
11. The procedure for attending the Meeting and e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
12. At the Annual General Meeting, at the end of the discussion of the resolutions on which voting is to be held, the Chairman shall order voting, and only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
13. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
14. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM. If a member casts votes by both modes, then voting done through remote e-voting shall prevail and votes cast at the AGM shall be treated as invalid.
15. Members are encouraged to join the Meeting using Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge or Mozilla Firefox 22.
16. Members will be required to grant access to the web-cam to enable two-way video conferencing.
27. The Scrutinizer shall immediately after the conclusion of voting at the 28<sup>th</sup> Annual General Meeting, first count the votes cast At/during the Annual General Meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company, and submit a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.



28. The Chairman or a person authorised by him in writing shall declare the result of voting forthwith.
29. The results (of e-voting) declared along with the Scrutinizer's Report shall be placed on the Company's website at [www.scansteels.com](http://www.scansteels.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) as well as displayed on the notice board at the Registered Office and Corporate Office of the Company, immediately after the result declared by the Chairman or any other person authorised by the Chairman and the same shall be communicated to BSE Limited, where the shares of the Company are listed not later than 48 hours of the conclusion of the AGM.
30. The resolutions, if passed by a requisite majority, shall be deemed to have been passed on the date of the Annual General Meeting (i.e. 30<sup>th</sup> September, 2021)
31. The investors may contact the Company Secretary for redressal of their grievances/queries. For this purpose, they may either write to him at the Registered office address or e-mail their grievances/queries to the Company Secretary at the following e-mail address: [secretarial@scansteels.com](mailto:secretarial@scansteels.com)
32. The recorded transcript of the forthcoming AGM on 30.09.2021 shall be maintained by the Company and also be made available on the website of the Company [www.scansteels.com](http://www.scansteels.com) in the Investor Relations Section, at the earliest soon after the conclusion of the Meeting
33. Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

**REGISTERED OFFICE:-**

104-105, "E- Square", Subhash Road,  
Opp. Havmor Ice Cream, Vile Parle (E), Mumbai-400057  
CIN: L27209MH1994PLC076015  
Web Site: [www.scansteels.com](http://www.scansteels.com)  
Email – id: [secretarial@scansteels.com](mailto:secretarial@scansteels.com)

Place: Bhubaneswar  
Date: 25th August, 2021

BY ORDER OF THE BOARD  
FOR SCAN STEELS LIMITED

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

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

As required by Section 102 of the Companies Act, 2013, (hereinafter referred to as “the Act”) the following Explanatory Statements set out all material facts relating to the business mentioned under Item Nos. 3 to 5 of the accompanying Notice dated **25<sup>th</sup> August, 2021**

### ITEM NO. 3:

The Board of Directors of the Company, based on the recommendations of the Nomination and Remuneration Committee (‘NRC’), appointed Mr. Shravan Kumar Agrawal (DIN 09139761) as an Additional Director of the Company with effect from June 15, 2021. In terms of Section 161(1) of the Act, Mr. Agrawal holds office up to the date of this Annual General Meeting (‘AGM’) and is eligible for appointment as a Director (Non-Executive-Independent). The Company has received a Notice from a Member in writing under Section 160(1) of the Act proposing his candidature for the office of Director.

Based on the recommendations of the NRC and subject to the approval of the Members, Mr. Agrawal was also appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of 5 (five) consecutive years commencing from June 15, 2021 to June 14, 2026, in accordance with the provisions of Section 149 read with Schedule IV to the Act.

Mr. Shravan Kumar Agrawal has consented to act as Director of the Company, subject to appointment by the Members and has given his declaration to the Board that he meets the criteria for independence as provided under Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI Listing Regulations. In terms of Regulation 25(8) of the SEBI Listing Regulations, Mr. Shravan Kumar Agrawal has confirmed that he is

not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties. He has also confirmed that he is not debarred from holding the office of a director by virtue of any SEBI Order or any such Authority. Further, Mr. Shravan Kumar Agrawal is not disqualified from being appointed as a Director in terms of Section 164 of the Act. Mr. Shravan Kumar Agrawal has confirmed that he is in compliance with Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, with respect to his registration with the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs (‘IICA’). Further, Mr. Shravan Kumar Agrawal has also cleared the online proficiency self-assessment test conducted by IICA.

In the opinion of the Board, Mr. Shravan Kumar Agrawal fulfils the conditions specified under the Act read with Rules thereunder and the SEBI Listing Regulations for his appointment as an Independent Non-Executive Director of the Company and is independent of the management.

Copy of draft letter of appointment of Mr. Shravan Kumar Agrawal, setting out the terms and conditions of his appointment, The terms and conditions of the appointment of Independent Directors and the notice received from the member proposing his candidature is available for inspection by the members during business hours in between 11.00 a.m. to 01.00 p.m. on all working days (except Saturday, Sunday and Public Holiday) at the Registered Office of the company up to the date of the AGM. Alternatively, Members can send a request along with their DP/Client ID or Folio No. from their registered email address to the Company at [secretarial@scansteels.com](mailto:secretarial@scansteels.com).

Mr. Shravan Kumar Agrawal is a commerce graduate, and a qualified CS, CMA, PGDMA (Finance), CA (Inter), and has 8 years' experience in steels sector.

Mr. Shravan Kumar Agrawal holds 02 Equity Share in the Company and is not related to any Director or Key Managerial Personnel of the Company in any way and is interested in the resolutions set out at Item Nos. 3 of the Notice with regard to his appointment.

The relatives of Mr. Shravan Kumar Agrawal may be deemed to be interested in the respective resolution to the extent of their shareholding interest, if any, in the Company. Except Mr. Shravan Kumar Agrawal and his relatives, none of the Directors or Key Managerial Personnel (KMP) of the Company and their respective relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 3 of the accompanying Notice.

This statement may also be regarded as an appropriate disclosure under the Listing Regulations.

Brief profile of Director whose appointment as an Independent Director is proposed at Item Nos. 3, is provided in the "Annexure" to the Notice pursuant to the provisions of (i) the Listing Regulations and (ii) Secretarial Standard on General Meetings ("SS-2"), issued by the Institute of Company Secretaries of India.

In compliance with the provisions of Section 149 read with Schedule IV to the Act, Regulation 17 of the SEBI Listing Regulations and other applicable regulations, the appointment of Mr. Shravan Kumar Agrawal as an Independent Director for 5 (five) consecutive years commencing from June 15, 2021 is now placed for the approval of the Members by a Special Resolution.

Based on the qualifications, experience, skills and knowledge, the Board considers that Mr. Shravan Kumar Agrawal's association would be of

immense benefit to the Company and accordingly, the Board commends the Special Resolution set out in Item No. 3 of the accompanying Notice for approval of the Members.

#### **ITEM NO. 4**

To ensure stability of supplies in terms of quality and logistics, your Company in the ordinary course of its business may enter into contracts or arrangements with its related party as listed in the resolution, on arm's length basis for Purchase/ Sale of Raw Material and Finished Goods for an aggregate amount not exceeding the limit as set out in the resolution as aforesaid. The purchase of materials from this company is dependent on the requirement of the Company for its products from time to time and the ability of supply of specified material by this company. During the course of its business the Company also sells its products to this company.

Section 188 of the Companies Act, 2013 and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a transaction with a related party is material if the transaction /transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the company as per the last audited financial statements of the company.

Further, the Listing Regulations requires all related party transactions shall require prior approval of the Audit Committee and all material related party transactions to be approved by the shareholders through a resolution and all the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Even though approval of the Shareholders would not be required under the provisions of Section 188 of the Companies Act, 2013 and the rules framed thereunder for transactions (or for the specified transactions with the said company) which are in



the ordinary course of the Company's business and are at arm's length basis, However, the same are covered under the provisions of Regulation 23 of the Listing Regulations and the monetary limit of the transaction may exceed the limits as provided under Section 188 of the Companies Act, 2013 and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Company therefore requires approval of the shareholders through a special resolution for entering into contract(s)/ arrangement (s)/ transaction(s) with Shrishti Trading Corporation Pvt. Ltd. Up to a maximum

amount as mentioned in the respective resolution from the financial year 2021-2022 and onwards as an abundant precautionary measure in terms of Section 188 of the Companies Act, 2013 read with the applicable rules and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

All related parties shall abstain from voting on this resolution.

The details as required under Rule 15 of the Companies (Meeting of the Board and its Powers) Rules, 2014 are as follows:

| Name of the Related Party              | Name of the Director/KMP who is related/<br>Nature of Relationship | Nature, Duration and Particulars of the Contract   | Material Terms, Monetary value and particulars of contract or Arrangement.                            | Any advance paid or received for the contract. | The Manner of determining the pricing and other commercial terms | Whether all factors relevant to the contract have been considered |
|--|--|--|---|--|--|---|
| Shrishti Trading Corporation Pvt. Ltd. | One Director (Mr. Rajesh Gadodia) is common.                       | a) Nature of Transaction: Purchase / Sale of raw material and finish goods.<br>b) Particulars of Contract or arrangement: Purchase / Sale of raw material and finish goods in ordinary course of business. | a)Material Terms: at par on Arm's Length basis.<br>b) Monetary Value: ₹ 500 Crore per financial year. | NIL  | Market Value   | Yes   |

The Audit committee and the Board of the Directors of the Company have considered these proposed arrangements and limits at their meeting held on 15<sup>th</sup> June, 2021 and noted that these transactions are in the Ordinary Course of Business and are at arm's length basis, and have approved the proposed arrangements with the Related Party ( i.e Shrishti Trading Corporation Pvt. Ltd.) and have also decided to seek approval

of shareholders by way of special resolution pursuant to section 188 of the Companies Act 2013 read with the Companies ( Meeting of Board and its Powers) Rules , 2014 and Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Directors (Mr. Rajesh Gadodia holds 93.06 % Equity Shares in the Shrishti Trading Corporation

Pvt. Ltd.) / key managerial personnel of the Company or their respective relatives are deemed to be concerned or interested in the Resolutions mentioned at Item No. 4 of the Notice only to the extent of shares held by them, if any, in the Company.

The Board Commends the Special Resolution set out at item No. 4 of the Notice for approval by the Members.

#### ITEM NO. 5

The Company is required under Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, to have the audit of its cost records for products covered under the Companies (Cost Records and Audit) Rules, 2014 conducted by a Cost Accountant in practice. Based on the documents made available and the discussions held at the meeting of the Audit Committee on 25.08.2021, it considered and recommended the appointment and remuneration of the Cost Auditors to the Board of Directors ('Board'). The Board has, on the recommendation of the Audit Committee approved in their Meeting held on 25.08.2021 the appointment and remuneration of Messrs Ray, Nayak & Associates, Partner CMA. Chaitanya Kumar Ray, Cost Accountants, as the Cost Auditor of the Company for the Financial Year 2021-22.

In accordance with the provisions of Section 148(3) of the Act read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit Committee and approved by the Board has to be ratified by the Members of the Company. The Board has fixed the remuneration payable to Cost Auditors for Financial Year 2021-22 at ₹55000/- plus tax as applicable and reimbursement of out-of-pocket expense incurred, to conduct audit of Cost Records maintained by the Company in respect of all applicable products of the Company. Accordingly, the consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 5 of the Notice for ratification of the remuneration payable to the Cost Auditor of the Company for the Financial Year ending March 31, 2022.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested, financially or otherwise, in the Resolution mentioned at Item No. 5 of the Notice.

The Board recommends the Ordinary Resolution set forth in Item No. 5 of the Notice for the approval of the Members.

#### REGISTERED OFFICE:-

104-105, "E- Square", Subhash Road,  
Opp. Havmor Ice Cream, Vile Parle (E), Mumbai-400057  
CIN: L27209MH1994PLC076015  
Web Site: [www.scansteels.com](http://www.scansteels.com)  
Email – id: [secretarial@scansteels.com](mailto:secretarial@scansteels.com)

Place: Bhubaneswar  
Date: 25th August, 2021

BY ORDER OF THE BOARD  
FOR SCAN STEELS LIMITED

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

**INFORMATION REQUIRED TO BE FURNISHED UNDER REGULATION 36 (3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 READ WITH CLAUSE 1.2.5 OF THE SECRETARIAL STANDARD-2] FOR DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT IN FORTHCOMING ANNUAL GENERAL MEETING.**

| Name                | Date of Birth and Age     | Qualification         | Experience  | Position in the Company | Listed Co. (other than SSL) in which directors hold directorship and committee membership. |                                 |                            | Shareholdings in the Company                 | Directors inter-se relation | Date of first appointment on the Board              |
|---------------------|---------------------------|-----------------------|---|-------------------------|--|---------------------------------|----------------------------|--|-----------------------------|---|
|                     |                           |                       |   |                         | Directorship   | Chair person of Board committee | Members of Board Committee |  |                             |   |
| *Mr. Rajesh Gadodia | 02.10.1972<br>48<br>Years | Mecha-nical Engine-er | having more than 26 years of industrial and business experience, primarily in the steel sector. He is primarily involved in business development activities of the company and manages the distribution network of the company in the coastal, northern and southern region of Odisha and southern India operation. In finance he had the exposure in Treasury, Accounting, MIS, Forex Risk Management, Taxation, IT and all other related areas with exposure in India and overseas. | Non-Executive Chairman  | Nil  | Nil                             | Nil                        | 4969957 (as on 31 <sup>st</sup> March, 2021) | Nil                         | On Board 14.03.2014<br>As a Non-Ex C.M – 24.05.2016 |

|                             |                           |   |  |                                    |     |     |     |  |     |            |
|-----------------------------|---------------------------|---|--|------------------------------------|-----|-----|-----|--|-----|------------|
| **Mr. Shравan Kumar Agrawal | 02.06.1984<br>37<br>Years | Graduate in commerce, and a qualified CS, CMA, PGDMA (Finance), CA (Inter), | He has 8 years' experience in steels sector. | Non-Executive Independent Director | Nil | Nil | Nil | 02<br>(as on 31 <sup>st</sup><br>March,<br>2021) | Nil | 15.06.2021 |
|-----------------------------|---------------------------|---|--|------------------------------------|-----|-----|-----|--|-----|------------|

\*Mr. Rajesh Gadodia is Beneficial Owner for the Registered Owners – M/s. Gopikar Supply Pvt. Ltd. Who holds (20,00,000 Shares - 3.82%) and M/s. Bayanwala Brothers Pvt. Ltd. (5383501 shares -10.28%) shares in the Company.

\*\* Mr. Shравan Kumar Agrawal is CMA, PGDMA (Finance), CA (Inter) and has a wide experience in steel sector, specifically he has worked in the said sector in matters related to finance and Taxes, which will help him and company to satisfy on the reliability of financial information and monitor financial controls and check if the systems of risk management are in place and robust and defensible; also he is a qualified Company Secretary which will benefit the company to safeguard and comply with all the required secretarial and legal compliances.

- ❖ The details of Board and Committee Meetings attended by these Directors (wherever applicable) during the year 2020-21 are stated in the Corporate Governance Report which forms part of this Annual Report.
- ❖ Only two Committees namely, Audit Committee, Stakeholders Relationship Committee have been considered.
- ❖ The details of remuneration/Sitting Fees, (wherever applicable), are provided with other relevant Details mentioned in Board and Corporate Governance Report which forms part of this Annual Report.

# **STATUTORY REPORTS**

**2020-21**

## DIRECTOR'S REPORT

**Dear Shareholders,**

Your directors have pleasure in presenting **the Twenty Eighth Annual Report** of your Company together with the Audited Financial Statements for the year ended March 31, 2021.

### FINANCIAL HIGHLIGHTS / RESULTS

Your directors take pleasure in presenting the 28<sup>th</sup> Annual Report on the business and operations of your Company along with the financial statements for the year ended 31 March, 2021.

|   | (₹n Lacs)       |                 |
|---|-----------------|-----------------|
|   | 2020-2021       | 2019-2020       |
| <b>Gross Turnover and other Income</b>                            | <b>73645.54</b> | <b>66853.68</b> |
| <b>Profit / (Loss) before Tax</b>                                 | 4834.22         | 1322.50         |
| Less : Tax Expenses   |                 |                 |
| Current Tax   | 30.07           | -               |
| Deferred Tax (Charge)/ Credit                                     | 1729.58         | 1290.61         |
| <b>Profit After Tax</b>   | <b>3074.57</b>  | <b>31.90</b>    |
| Less : Prior Period Expenses                                      | -               | -               |
| Net Profit/(Loss) for the year                                    | 3074.57         | 31.90           |
| Add: Other Comprehensive Income                                   | 40.18           | 12.73           |
| Total Comprehensive Income for the year                           | 40.18           | 44.63           |
| Surplus Brought Forward from last balance sheet                   | (75.56)         | (107.46)        |
| Add: Earlier Year Adjustment (Tax)                                | -               | -               |
| Less: Adjustment for net carrying amount of tangible fixed assets | -               | -               |
| Balance at the end of the year (excluding comprehensive income)   | 2999.00         | (75.56)         |

### INDIAN ACCOUNTING STANDARD (IND AS)

In accordance with the notification issued by the Ministry of Corporate Affairs (MCA), your Company has complied with the new Accounting Standards, IND AS in preparation of financial statements under Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act 2013 read with rule 3 of the Companies (Indian Accounting Standards Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 with effect

from 1st April 2016. Ind AS has replaced the existing Indian GAAP prescribed under section 133 of the Companies Act, 2013, read with rule 7 of Companies (Accounts) Rules, 2014.

Accordingly, the Company has adopted Indian Accounting Standard ("Ind AS") with effect from 1st April 2016 with the transition date of 1st April 2015 and the financial Statements for the year ended 31st March 2021 has been prepared in accordance with Ind AS.

## RESULTS OF OPERATIONS & STATE OF AFFAIRS OF THE COMPANY

Gross Turnover including other incomes for the year 2021 was stood at ₹736.46 Crores which was around 10% upward side in comparison to fiscal 2020. The sales robust caused due to the better price realization per MT of finished steel sold irrespective of the increased iron ore price which is the major raw material. Your company continues with its focus on quality and strength of its products. Your Company has initiated steps to explore new markets in addition to developing existing ones.

The Company has produced 1,30,415 metric tonnes (MT) of TMT Rods in FY 2020-21, increased by 6.59% in comparison to the previous

year. The company is in the growth path by utilizing the better capacity installed.

The Company's sustained efforts towards back-end cost control, efficiency improvement measures, supported the insulation and limited the impact on the profitability margins. The Company's ability to better utilisation of capacities will help derive better margins out of the businesses. The outlook of each business has been discussed in detail in the 'Management Discussion & Analysis' which forms a part of this Annual Report.

### PRODUCTION & TURNOVER / SALES

The production of steel product during the year under report, compared to the previous year is given below.

| Item                   | Production (Qty in MT)                         |  | Turnover (Qty in MT)                           |  |
|------------------------|--|--|--|--|
|                        | Years ended<br>31 <sup>st</sup> March,<br>2021 | Years ended<br>31 <sup>st</sup> March,<br>2020 | Years ended<br>31 <sup>st</sup> March,<br>2021 | Years ended<br>31 <sup>st</sup> March,<br>2020 |
| Sponge Iron            | 1,82,173                                       | 1,78,155                                       | 65,667   | 65,710   |
| MS Ingot/ Billet       | 1,37,125                                       | 1,32,193                                       | 21,505   | 17,185   |
| Long and Flat Products | 1,30,415                                       | 1,22,355                                       | 1,32,673                                       | 1,24,011                                       |

## OUTLOOK

The outlook for its margins and profitability for this business depends on overall economic outlook. The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing a significant disruption and slowdown of economic activity specifically in India the second wave of COVID-19. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services and the uncertainty associated with the lifting or reimposition of these restrictions, have further aggravated the business environment.

The phased easing of restrictions in India also augurs well for the economic revival. Further, India unleashed policy stimulus equivalent to 10%

of GDP or ₹20 trillion to revive the economy. Workforce remobilisation will be a key challenge for the core sectors of the economy. However, lower energy prices and expectations of a normal monsoon are positive for consumption outlook. With this a gradual recovery in economic activities is expected in the second half of FY 2020-21.

India's annual consumption of steel is now 100 MnT. Given the large market size it attracts imports of steel from various countries notably FTA nations (South Korea, Japan, ASEAN). As on March 2020, about 64% of steel imports originates from the FTA countries where the import duty is nil. This poses a threat to the health of domestic steel industry necessitating close monitoring and effective remedial measures.



For India to become a U.S.\$5 trillion economy, the infrastructure sector will serve as a critical pillar of economic growth. India's growing urban infrastructure and manufacturing sectors indicate that demand for steel is likely to remain robust in the coming years. Several government initiatives, such as providing affordable housing, expanding road and railway networks, developing the domestic shipbuilding industry, opening up the defence sector to private participation, and growth in the automobile sector are expected to create significant demand for steel in the country.

The National Steel Policy 2017 envisages construction & infrastructure to grow at a CAGR of 7% from FY 2015-16 to FY 2030-31. Under the New Steel Policy, the government targets to increase steel production capacity to about 300 MTPA by 2030. To participate in the strong India growth story, the Company laid out an expansion plan making innovative changes and technological improvements, leaving no stone unturned in fulfilling dreams of its founding fathers, tuning every activity to meet the subtle demands of its customers.

In the Union Budget 2020-21, the government announced its plan to invest ₹100 trillion in infrastructure over the next five years. The government is also targeting to attract ₹50 trillion investments in the railways sector via public-private partnerships by FY 2029-30. Blueprints are also being prepared for the development of gas-grids, water-grids, i-ways (communication networks) and regional airports, on the lines of 'One Nation-One Grid' for power.

### **BUSINESS IMPACT OF COVID-19**

The outbreak of COVID-19 pandemic has led to an unprecedented health crisis and has disrupted economic activities and global trade, while weighing on consumer sentiments.

During the year under review, the Government of India had imposed stringent nationwide lockdowns, in phases, which severely impacted

manufacturing activities. Though the Steel and Mining sectors were allowed to operate under the Essential Services Maintenance Act, 1968 they were subject to certain guidelines. Steel demand was affected as key steel consuming sectors struggled to operate amidst weakening economic activities, working capital constraints, shortage of manpower, and logistical issues

The spread of COVID-19 across the globe has resulted in decline in economic activity and increase in volatility in financial markets. In this situation, though the challenges continue to unfold, the company is gearing itself on all fronts to meet the same. The situation continues to be uncertain and the company is evaluating the situation on an ongoing basis. The challenges for the company would arise from loss of revenue and waning cash flows. Despite these conditions, there has not any significant impact on the liquidity and profitability of the company. Also, the domestic steel demand improved from the second half with favourable policies, increased government spending and relaxed movement norms. We managed to deliver broad-based, market leading volume growth supported by our agile business model.

The risk-intelligent culture embedded across the Company helped in developing and adopting a multi-pronged strategy to effectively respond to the evolving pandemic situation. The health and safety of our employees and the communities in which we operate continue to be the foremost priority of the Company. To mitigate the risks and challenges faced by the Company during the pandemic, the Company enhanced safety and hygiene norms at offices, implemented work from home, staggered shift timings for safety of employees and leveraged digital platforms for its day-to-day operations. During the challenging times, the Company maintained its liquidity position by minimising cash outflows and maintaining a judicious mix of funding instruments to fulfil its operational requirements.

We estimate that future impact of COVID-19 on its operations may move either side depending on the normalization of its business and demand of products.

Company is engaged in manufacturing of the basic essential TMT Rod product and demand for the same is expected to increase gradually with lockdown relaxations and measures to be taken to curb COVID 19 Impact in future.

### **MARKETING ARRANGEMENT**

The Company has a Well-organized Marketing Department We have around very good market share in Odisha and also catering to outside states. We are in the process of expanding our market plan in India by appointment of Dealers at other major cities across India. We also directly sell to the Customers through our Marketing staffs and agents.

### **ENVIRONMENT**

The Company aims to be the benchmark for environmental stewardship in Steel Industry by focusing on climate change mitigation and reducing its resource footprint. Given the nature of the business and the industry that we operate in, the Company recognises its impact on the environment and is conscious of its duty towards safeguarding the environment. The Company is committed to responsible use and protection of the natural environment through conservation and sustainable practices. The Company focuses on operational excellence aimed at resource efficiency through a 'Prevent, Minimise, Recover, Reuse and Recycle' hierarchical approach to reducing its ecological footprint.

### **CLIMATE CHANGE**

Climate change is one of the most pressing issue the world faces today and the Company recognises its obligation to work towards mitigation of climate change related risks and

strives to reduce its carbon footprint across all geographies.

### **RESEARCH AND DEVELOPMENT**

The competitive business environment in which the Company operates makes innovation imperative for success of the business. Recognizing the need to improve, expand and innovate, the Company is concentrating efforts on research and development of alternate materials and new products.

The Company has started working on the technology roadmap that aligns with it's vision of becoming a leader among the innovation driven organizations. Venturing into new market areas is another focus area for research and development and accordingly, a number of new product developments have been targeted. R&D continues to help the Company in its drive to become more sustainable and more environmental friendly.

### **DIVIDEND**

Your Company is gradually overcoming its losses of Past years and looking forward to declare the dividend in the coming years. Hence for the F.Y 20-21 your Board of Directors has not recommended any dividend on equity shares as well as on preference shares.

### **PROSPECTS**

In terms of Regulation 34(2)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a report on the Management Discussion and Analysis covering prospects is provided as a separate section in this Annual Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS**

A detailed report on the Management Discussion & Analysis as required in terms of the SEBI Listing Regulations is provided as a separate section in the Annual Report.

## **TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

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

## **TRANSFER TO RESERVE**

During the financial year 2020-21, no amount has been transferred to reserve account. There is a positive figure of ₹ 2999 Lacs in retained earning accounts is to be carried forward to next year.

## **CONSOLIDATED FINANCIAL STATEMENT**

As per the definition in the Companies Act, 2013 ("the Act") and Ind AS - 110 on Consolidated Financial Statements read with Ind AS - 28 on Investment in Associates and Ind AS-31 Interest in Joint Venture, the company does not have any investment in the Subsidiary Company, Joint Ventures Company or any other Associates Company therefore the Consolidation of Financial Statements is not applicable.

## **DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES**

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

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

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

- a. accepted during the year - ` Nil
- b. remained unpaid or unclaimed as at the end of the year - Nil
- c. whether there has been any default in repayment of deposits or payment of interest thereon during the year and if so, number of such cases and the total amount involved -
  - i. at the beginning of the year - Nil
  - ii. maximum during the year - Nil
  - iii. at the end of the year - Nil

There was No default in repayment of deposits or payment of interest thereon during the year by Company and accordingly No details to be provided by the Company in this regard.

## **The details of deposits which are not in compliance with the requirements of Chapter V of the Act -**

Your Company has not accepted any deposits which are not in Compliance with the requirement of Chapter V of the Act.

## **CHANGE IN THE NATURE OF BUSINESS, IF ANY**

During the year under review, there are no changes in the nature of business. The Company is continuing into the Steel Manufacturing Business.

## **DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS.**

## **INTERNAL CONTROL SYSTEMS AND AUDIT OVERVIEW**

The Company has in place adequate internal financial controls with reference to financial statements, commensurate with the size and nature of its business, forms an integral part of the Company's corporate governance policies.

## **INTERNAL CONTROL**

The Company has a proper and adequate system of internal control commensurate with the size and nature of its business. Internal control

systems are integral to the Company's corporate governance policy.

Some of the significant features of internal control systems include:

- Documenting of policies, guidelines, authorities and approval procedures, encompassing the Company's all primary functions.
- Ensuring complete compliance with laws, regulations, standards and internal procedures and systems.
- De-risking the Company's assets/resources and protecting them from any loss.
- Ensuring the accounting system's integrity proper and authorised recording and reporting of all transactions.
- Preparing and monitoring of annual budgets for all operating and service functions.
- Ensuring the reliability of all financial and operational information.
- Forming an Audit committee of the Board of Directors, comprising Independent Directors. The Audit Committee regularly reviews audit plans, significant audit findings, adequacy of internal controls, and compliance with accounting standards and so on.
- Forming a comprehensive Information Security Policy and continuous up-gradation of IT Systems.

As per the newly inserted Regulation 9A - Institutional Mechanism for Prevention of Insider trading via Notification 31.12.2018 SEBI (Prohibition of Insider Trading) (Amendment) Regulation, 2018 below mentioned points also included in internal controls:

- a) all employees who have access to unpublished price sensitive information are identified as designated employee;
- b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
- d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- e) all other relevant requirements specified under these regulations shall be complied with;
- f) periodic process review to evaluate effectiveness of such internal controls.

The internal control systems and procedures are designed to assist in the identification and management of risks, the procedure-led verification of all compliance as well as an enhanced control consciousness.

#### INTERNAL AUDIT

The Company has a strong internal audit department reporting to the Audit Committee comprising Directors and Independent Directors who are experts in their field. The scope of work, authority and resources of Internal Audit (IA) are regularly reviewed by the Audit Committee and its work is supported by the services of M/s. C B A & Associates, the Internal Auditor of the Company.

The Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Internal Auditors findings are discussed with the process owners and suitable corrective actions taken as per the directions of Audit Committee on an ongoing basis to improve efficiency in operations.



Through IA function the Board obtains the assurance it requires to ensure that risks to the business are properly identified, evaluated and managed. IA also provides assurance to the Board on the effectiveness of relevant internal controls.

### **Audit plan and execution**

Internal Audit department has prepared a risk-based Audit Plan. The frequency of audit is decided by risk ratings of areas functions. The audit plan is carried out by the internal team. The audit plan is reviewed periodically to include areas which have assumed significant importance in line with the emerging industry trend and the aggressive growth of the Company.

In addition, the audit committee also places reliance on internal customer feedback and other external events for inclusion of areas into the audit plan.

### **INTERNAL FINANCIAL CONTROLS**

As per Section 134 (5) (e) of the Companies Act 2013, the Directors have an overall responsibility for ensuring that the Company has implemented robust systems and framework of internal financial controls. This provides the Directors with reasonable assurance regarding the adequacy and operating effectiveness of controls with regards to reporting, operational and compliance risks. To enable them to meet these responsibilities, the Company has devised appropriate systems and framework including proper delegation of authority, policies and procedures, effective IT systems aligned to business requirements, risk based internal audit framework, risk management framework and whistle blower mechanism.

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

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

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

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

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, the work performed by the internal, statutory and secretarial auditors and external consultants, including the audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by management and the relevant board committees, including the audit committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2021.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All contracts / arrangements / transactions entered by the Company during the financial year with related parties referred to in Section 188 (1) of the Companies Act, 2013 read with SEBI Listing Regulations were in the ordinary course of business and on an arm's length basis and Detail of which is furnished in the Annexure 'A' in Form AOC-2 attached with this Report in compliance with Section 134 (3) (h) read with 188 (2) of the Companies Act, 2013.

Further, there are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. All Related Party Transactions are placed before the Audit Committee as also the Board for approval.

The Company has developed an Internal Guide on Related Party Transactions Manual and prescribed, Standard Operating Procedures for purpose of identification and monitoring of such transactions. None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company.

Moreover, on the recommendations of the Audit Committee, your Board had revised the Policy on Related Party Transactions in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the amended provisions of the Companies Act, 2013. The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on the Company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment. The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related

Parties. This Policy specifically deals with the review and approval of Related Party Transactions keeping in mind the potential or actual conflicts of interest that may arise because of entering into these transactions. All Related Party Transactions are placed before the Audit Committee for review and approval. All Related Party Transactions are subjected to independent review by a reputed accounting firm to establish compliance with the requirements of Related Party Transactions under the Companies Act, 2013 and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

Your directors draw attention of the members to Note No. 28 to the financial statement which sets out related party disclosures.

## **ISO 9002 CERTIFICATION**

Your company is having status of ISO 9001, ISO 14001 and ISO 18001 certification, which is internationally recognized for the production, quality control and Environmental as well as OHSAS respectively.

## **CREDIT RATING**

During the year, the rating of the company has been upgraded IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook) for Long Term Debt and Fund Based Facilities and IVR A4+ (IVR A Four Plus) for Short Term Non-Fund based Facilities from Informerics Valuation and Rating Pvt Ltd.

The Ratings derives strength from the experienced promoters and management team, long track record and established presence in the steel making, diversified product portfolio, growth in scale of operation along with moderate capital structure and debt protection metrics.

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

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

## **BRANDING INITIATIVE**

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

## **INSURANCE**

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

## **CUSTOMER RELATIONSHIP**

The Company endeavors to develop and sustain long-term value-creating partnerships with our customers and channel partners through a wide range of product offerings, innovative services and unique solutions.

The year under review commenced with nationwide lockdown due to the COVID-19 pandemic. This has impacted the global economy including the domestic economy. During such challenging times, the Company took an approach of empathy, support and innovativeness to engage with its customers. The Company's digital initiatives served as a big game changer during the pandemic and helped the Company to connect with customers in different territories and markets. The year under review was therefore dedicated to forging stronger relationship with customers and renewing our commitment to quality both in terms of products and services.

## **FINANCE**

During the year, the company has availed the GECL loan in tune of ₹. 23.54 crore from the lenders. And repaid the full and final settlement of existing loan of WCTL and FITL

## **BANKERS AND CONSORTIUM ARRANGEMENT**

The Company has consortium arrangement of their bankers with State Bank of India as Lead Bank. This consortium arrangement is well defined and takes care of company's credit facilities requirement from time to time. The consortium meetings are hold quarterly on regular basis and they also visit company's plant from time to time as per their requirement.

## **SAFETY**

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



During the year under review, the Company undertook proactive measures to minimise the impact of the COVID-19 pandemic on the Company's workforce through agile decision-making and timely deployment of several policies and measures for the benefit of the employees. Self-sufficient groups of people having self-contained set of skills to do an intended job have been formed and deployed at manufacturing and raw material locations.

At Scan Steels health and safety continues to be of utmost priority. In a year dominated by the COVID-19 pandemic, the Company responded with pace and with a coordinated agile approach in order to protect the health and well-being of all employees and stakeholders. This resulted in those who could work from home doing so, supported by the appropriate tools, systems, policies and guidelines in line with national requirements. Employees in the manufacturing processes continued to operate successfully with new social distancing rules and procedures in place. Effective communication and engagement was key to maintain safe and healthy working environment and to recognise the challenges to employees physical health, mental health and well-being throughout the year. With this backdrop, the overall safety performance of the Company improved and the Company reported no fatalities during the year.

### **HUMAN RESOURCE DEVELOPMENT AND PERSONNEL**

The Company's Human Resources (HR) management practices ensure fair and reasonable process that are compliant with regulatory and governance requirements. The company has been given much emphasis on Human Resources Development and thus has been well recognized in the steel industrial for sound Human Resources Management. Over a period of time, we have built and nurtured a dedicated and excellent workforce and also recruiting new people in order to meet

the revival plans of the company. The Company has emerged as a true national firm with cosmopolitan atmosphere.

The company's HR policies and remuneration practices aim to attract and retain top talent, thus supporting the Company's long-term strategy and driving a sustainable performance. Finding, retaining and developing the right talent has always been a core strategy in order to maintain high-productivity and a value-driven organisational culture. The policy is well aligned to effectively suit its expanding business horizons and future manpower requirement. This has been achieved by continuously stressing upon training & development, empowerment and aids them with tools that help in continuously learning and the development of new skills and creating a compelling work environment and maintaining well-structured reward & recognition mechanism. Company is committed to the welfare of its people and their families and to improve the quality of their life by providing the required facilities. During the year under the review, industrial relations at all units of the Company continued to be cordial and peaceful.

### **CORPORATE SOCIAL RESPONSIBILITY**

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

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

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

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

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

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger, malnutrition and Drinking Water Facility.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- Education: Access to quality education, training and skill enhancement, Specially in Nearby Villages where the Plants of the Company Located.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Water: The Company makes affordable solution for water crises in the local area within the factory.

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

The CSR activities are monitored by internal / CSR Committee. As per the CSR policy, progress of the CSR activities is reviewed periodically or as and when needed by the Board-level CSR Committee, as well as by the management at the sites. Also, The Company through its Board and the CSR Committee follows a comprehensive approach to deliver socially inclusive and holistic interventions that help create equitable opportunities for the underprivileged and contribute to nation building.

The disclosures required to be made as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 or Details of CSR expenditure spent During the current financial year 2020-21 by the Company is annexed to this report as Annexure 'B'.

The CSR Policy of the Company is available on the company's website at <https://scansteels.com/wp-content/uploads/2021/06/CSR-POLICIES-1.pdf>

## **RISK MANAGEMENT**

The Company's robust risk management framework identifies and evaluates business risks and opportunities. The Company recognizes that these risks need to be managed and mitigated to protect its shareholders and other stakeholder's interest, to achieve its business objectives and enable sustainable growth. The risk frame work is aimed at effectively mitigating the Company's various business and operational risks, through strategic actions. Risk management is embedded in our critical business activities, functions and processes. The risks are reviewed for the change in the nature and extent of the major risks identified since the last assessment. It also provides control measures for risks and future action plans. Pursuant to the requirement of Regulation 21 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company has constituted a sub-committee of Directors to

oversee Enterprise Risk Management Framework to ensure execution of decided strategies with focus on action and monitoring risks arising out of unintended consequences of decisions or actions and related to performance, operations, compliance, incidents, processes, systems and transactions are managed appropriately.

The Audit Committee has additional oversight in the area of financial risks and controls. The Company believes that the overall risk exposure of present and future risks remains within risk capacity.

The Company's risk intelligent culture enabled it to manage the uncertainties in an unprecedented business environment during the year under review. As the COVID-19 situation evolved, "scenario-based risk assessment" was facilitated across the Company. Further, business decisions were pivoted to achieve cash neutrality in operations by reducing spend, managing working capital and reducing capital expenditures.

Implementation of focussed risk mitigation strategies along with improvement in the domestic macro environment has improved the Company's risk profile in second half of the financial year 2020-21. Despite the challenges posed by COVID-19, the Company the Company has tried to maintain the liquidity position, also Company has adequate resources to service the debt.

The Company continues to be vigilant of the evolving pandemic situation to proactively manage risks, as they emerge in financial year 2021-22. Health and safety of employees and the communities in the vicinity of our operations, continues to be the top-most priority for the Company, whilst simultaneously ensuring continuity of our business operations.

A Risk Management Policy was reviewed and approved by the Committee and which can be accessed on the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

## CORPORATE GOVERNANCE

Transparency is the cornerstone of your Company's philosophy and all requirements of Corporate Governance are adhered to both in letter and spirit. The Board is conscious of its inherent responsibility to disclose timely and accurate information on the Company's operations, performance, material corporate events as well as on the leadership and governance matters relating to the Company. All the Committees of the Board of Directors meets at regular intervals as required in terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Companies Act, 2013. Your Board of Directors has taken all necessary steps to ensure compliance with all statutory requirements. The Directors and Key Management Personnel of your Company have complied with the approved 'Code of Ethics for Board of Directors and Senior Executives' of the Company.

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

## SHARE CAPITAL

### ISSUED/SUBSCRIBED/PAID UP CAPITAL

The **authorized share capital** of the Company is ₹70,00,00,000/- (Rupees Seventy Crores only) divided into 5,50,00,000 (Five Crore Fifty Lacs) equity shares of ₹. 10/- (Rupees Ten) each and 1,50,00,000 (One Crore Fifty Lacs only) Non-cumulative Redeemable Preference Share of ₹10/- (Rupees Ten) each.

The **paid-up equity share capital as on March 31, 2021 and as on date** is ₹52,35,22,950 (Fifty Two Crore Thirty Five Lakhs Twenty Two Thousand Nine Fifty) divided into 5,23,52,295 (Five Crore Twenty Three Lakhs Fifty Two Thousand Two Hundred Ninety Five) fully paid up Equity Shares of ₹10/- (Rupees Ten Only) each and the **preference share capital** is ₹12,84,96,050/- (Twelve Crore Eighty Four Lacs Ninety Six Thousand Fifty) divided into 1,28,49,605 (One crore Twenty Eight Lacs Forty Nine Thousand Six Hundred Five only) fully paid up NCRPS of ₹10/- (Rupees Ten) each.

## **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- In accordance with the provisions of Section 152 of the Companies Act, 2013 and in terms of the Articles of Association of the Company, Mr. Rajesh Gadodia (DIN: 00574465), retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Rajesh Gadodia is not related to any of the Directors of the Company. Brief resume and nature of his expertise in specific functional areas are provided in Corporate Governance Report. Names of companies in which he holds directorships and memberships/ chairmanships of Board Committees and shareholding as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided under the explanatory statement.

The proposal / resolution regarding the re-appointment of the aforesaid Director is placed for shareholders' approval. The Board of Directors recommends his re-appointment.

- Mr. Shравan Kumar Agrawal (DIN 09139761) appointed as Non-Executive Independent Director w.e.f. 15<sup>th</sup> June, 2021

The Board of Directors on the recommendation of the Nomination and

Remuneration Committee has recommended appointment of Mr. Shравan Kumar Agrawal as an Independent Director of the Company Director for First Term of five consecutive years with effect from June 15, 2021 at the 28<sup>th</sup> AGM for the approval of the Members by way of special resolution. Further, in the opinion of the Board, Mr. Agrawal is a person of high integrity, expertise and experience and qualify to be appointed as an Independent Director of the Company. Pursuant to the provisions of Section 149 of the Act, Mr. Agrawal, have submitted declaration that he meets the criteria of independence as provided in Section 149(6) of the Act along with Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). There have been no circumstances affecting his status as an independent director of the Company. Mr. Agrawal has also cleared online proficiency self-assessment test in terms of the Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014

Your company has received a notice under section 160 of the company's act, 2013 from a member, signifying his intension to propose the name of Mr. Agrawal, for appointment as an Independent Director of the company in the 28<sup>th</sup> Annual General Meeting.

Mr. Agrawal is not debarred from holding the office of Director by virtue of any SEBI order or any other such authority.

In terms of the Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, read with Amendment Rules from time to time, all Independent Directors of the Company have enrolled themselves on the Independent Directors Databank and have cleared the online proficiency self-



assessment test within the specified timeline unless exempted under the aforesaid Rules.

- During the year under review (2020-2021) [at the 27<sup>th</sup> Annual General Meeting of the Company] Mr. Ankur Madaan (DIN 07002199) as a Whole-time Director and Mr. Punit Kedia (DIN 07501851) as an Independent Director was re-appointed for a second term of 5 (five) consecutive years from the expiry of their present term of office with effect from May 24, 2021.
- Further, between Year End date 31<sup>st</sup> March 2021 and the Date of Director Report, Mr. Vinay Goyal (DIN 07002206) Non-Executive Independent Director of the Company, on his resignation due to pre-occupation of work, ceased to be an Independent Director of the Company with effect from 05.06.2021, there were no other material reasons for resignation other than those provided by the Director.

The following policies of the Company are attached herewith marked as **ANNEXURE 'C'** and **ANNEXURE 'D'**: a) Policy for selection of Directors and determining Director's independence; and b) Nomination and Remuneration Policy.

Suitable resolution(s) for appointment / reappointment of Director(s), as referred above, will be placed for approval of the members in the forthcoming Annual General Meeting. The brief resume and other information of the concerned director(s), in terms of the Regulation 26(4) and 36 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Secretarial Standard on General Meetings ("SS-2") have been detailed as an annexure in the notice convening the forthcoming Annual General Meeting.

During the year, the non-executive directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

### KEY MANAGERIAL PERSONNEL

Mr. Ankur Madaan, Whole Time Director, Mr. Prabir Kumar Das, President & Company Secretary and Mr. Gobinda Chandra Nayak, Chief Financial Officer are the Key Managerial Personnel of your company in accordance with the provision of Section 2(51) and 203 of the company's act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with SEBI (LODR) Regulations, 2015. During the year under review, there has been no change in the Key Managerial Personnel.

### Company's policy of appointment and remuneration for directors, KMP and other employees including criteria for determining qualifications, positive attributes, director's independence (read with Sections 178 (1) (3) (4))

The Nomination and Remuneration Committee works with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience in business, government, education and public service. Characteristics expected of all Directors include independence, integrity, high personal and professional ethics, sound business judgment, ability to participate constructively in deliberations and willingness to exercise authority in a collective manner.

The current policy is to have a balanced mix of executive and non-executive Independent Directors to maintain the independence of the Board, and separate its functions of governance



and management. As at March 31, 2021 the Board of Directors comprises 6 Directors, of which 4 are non-executive, including one women director. The number of Independent Directors is 3, which is one half of the total number of Directors.

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in Annexure 'C' and is attached to this report.

Further, Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is furnished in Annexure 'D' and is attached to this report.

#### **Declaration by Independent Director(s)**

As required under section 149(7) of the Companies Act, 2013, The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence and / or to qualify themselves to be appointed as an Independent Directors as prescribed both under Section 149 (6) of the Companies Act' 2013 and Regulation 16(1) (b) read with Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , The Board considered the independence of each of the Independent Directors in terms of the above provisions and is of the view that they fulfill/meet the criteria of independence. And the declarations are put up on the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

In the opinion of the Board, there has been no change in the circumstances which may affect their status as independent directors of the Company and the Board is satisfied of the integrity, expertise, and experience (including proficiency in terms of Section 150(1) of the Act and applicable

rules thereunder] of all Independent Directors on the Board. Further, in terms of Section 150 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, Independent Directors of the Company have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs.

#### **Familiarisation Programme for Independent Directors.**

The Country is again fighting with the Second Wave of Covid-19 Pandemic, Considering the extra-ordinary circumstances caused by Covid-19 Pandemic and in light of the social distancing norms, Company organized familiarization programme for its directors while taking all the Precautions suggested by the Government and followed all Possible Rules while holding the Programme.

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

The company familiarises the New and Existing Independent Directors of the Company from time to time with their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. and also, by updating them about latest amendments in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Details of Same are put up on the website of the Company

at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

### Separate Independent Director Meeting

In term of requirements of Schedule IV of the Companies Act, 2013 and Regulation 25 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate meeting of the independent directors (“Annual ID meeting”) was convened on 20<sup>th</sup> February, 2020 and All the Independent Directors were present at the said Meeting.

The Independent Directors at the meeting reviewed the following:

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

Post the Annual ID meeting, the collective feedback of each of the Independent Directors was discussed by the Chairperson of the Nomination Remuneration Committee with the Board covering performance of the Board as a whole, performance of the non-independent directors and performance of the Board Chairman. In addition to formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

### BOARD ANNUAL EVALUATION

Pursuant to Regulation 17(10) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and in compliance with the Section 134(3) (p) Company has devised a Policy for performance evaluation of Independent

Directors, Board, Committees and other individual Directors which include criteria for performance evaluation of the non-executive directors and executive directors.

The Board carried out an annual performance evaluation of its own performance, the individual Directors, as well as the evaluation of the working of the Committees of the Board pursuant to the provisions of the Act and SEBI Listing Regulations. The performance evaluation of the Chairman, Whole- Time Director and the Non- Independent Directors was carried out by Independent Directors. The performance evaluation of the Independent Directors was carried out by the entire Board in compliance with the Companies Act, 2013. The performance evaluation of all the Directors/ its committees and / or Board as a whole was also carried out by the Nomination and Remuneration Committee and NRC also review its implementation and compliance. Details of the same are given in the Report on Corporate Governance annexed hereto.

The Chairman of the Board had one-on-one meetings with the IDs. The Chairperson of the Nomination and Remuneration Committee (NRC) held separate discussions with each of the Directors of the Company and obtained their feedback on overall Board effectiveness as well as on each of the other Directors. These meetings were intended to obtain Directors’ inputs on effectiveness of the Board/ Committee processes.

While evaluating the performance and effectiveness of the Board, various aspects of the Board’s functioning such as adequacy of the composition and structure and quality of the Board, time devoted by the Board to Company’s long-term strategic issues, quality and transparency of Board discussions, execution and performance of specific duties, obligations and governance and effectiveness of board processes, information

and functioning were taken into consideration. Committee performance was evaluated by the Board on the basis of their effectiveness in carrying out respective mandates, and after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.. A separate exercise was carried out to evaluate the performance of Independent Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution to Board deliberations, independence of judgment, safeguarding the interest of the Company and focus on creation of shareholders value, ability to guide the Company in key matters, attendance at meetings, etc. The Executive Directors were evaluated on parameters such as strategy implementation, leadership skills, quality, quantity and timeliness of the information flow to the Board, etc.

The Board considered and discussed the inputs received from the Directors. Further, the IDs at their meeting reviewed the performance of non-Independent Directors, Board as a whole and Chairman of the Board after taking into account views of Executive Directors and Non-Executive Directors.

The Directors expressed their satisfaction with the evaluation process.

The evaluation process endorsed the Board Members' confidence in the ethical standards of the Company, the resilience of the Board and Management in navigating the Company during challenging times, cohesiveness amongst the Board Members, constructive relationship between the Board and the Management and the openness of the Management in sharing strategic information to enable the Board Members to discharge their responsibilities.

The Detailed Policy on Performance Evaluation of Independent Directors, Board, Committees and other individual Directors can be accessed from

the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **MANAGERIAL REMUNERATION:**

Based on the recommendations of the NRC, the Board has approved the Remuneration Policy for Directors, Key Managerial Personnel ('KMPs') and all other employees of the Company. As part of the policy, the Company strives to ensure that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship between remuneration and performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay, reflecting short, medium and long-term performance objectives appropriate to the working of the Company and its goals.

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

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

## **CODE OF INDEPENDENT DIRECTORS - SCHEDULE - IV**

The Board has considered Code of Independent Directors as prescribed in Schedule IV of the Companies Act, 2013. The code is a guide to professional conduct for independent directors' adherence to these standards by independent directors and fulfillment of their responsibility in a professional and faithful manner will promote confidence of the investment community and regulators.

### **The broad items for code for independent directors are:**

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

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

### **SCAN STEELS'S CODE OF CONDUCT FOR THE PREVENTION OF INSIDER TRADING**

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

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

The Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives in terms of Regulation 9 of the SEBI (Prohibition of Insider Trading), Regulations, 2015, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information formulated in terms of Regulation 8 of the SEBI (Prohibition of Insider Trading), Regulations, 2015, Policies and Procedural for inquiry in case of leak of Unpublished Price Sensitive Information, or Suspected Leak of Unpublished Price Sensitive Information in terms of Regulation 9A the SEBI (Prohibition of Insider Trading) [Amendment] Regulations, 2018, and Vigil Mechanism / Whistle Blower Policy in terms of Regulation 9A of the SEBI (Prohibition of Insider Trading), Regulations, 2015 is available on our website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

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

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

### **SECRETARIAL STANDARDS**

The Directors state that applicable Secretarial Standards, i.e., SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.



## DIRECTORS RESPONSIBILITY STATEMENT

**Directors' Responsibility Statement** Based on the framework of internal financial controls and compliance system established and maintained by the Company, work performed by the internal, statutory, cost, and secretarial auditors and including audit of internal financial controls over financial reporting by the statutory auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during financial year 2020-21.

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

- a) In the preparation of the annual accounts for the year ended March 31, 2021, the applicable accounting standards read with requirements set out under Schedule III to the Act (as amended from time to time) have been followed and there are no material departures from the same;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2021 and of the profit and loss of the company for the year ended on that date;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and

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

## AUDITORS AND AUDITOR'S REPORT

### STATUTORY AUDITORS

The Auditors, M/s. SRB & Associates, Chartered Accountants, (Firm's Registration No. 310009E), Bhubaneswar, were re-appointed with Member's approval sought at the 26<sup>th</sup> AGM for the second term of 5 (five) consecutive financial years i.e., up to 2023-24. And CA K P Swain, CP No 306323, Chartered Accountant has been authorized as an auditor on behalf of the firm to conduct the audit as per the Act.

In terms of the provisions relating to statutory auditors forming part of the Companies Amendment Act, 2017, notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no more a legal requirement. Accordingly, the Notice convening the ensuing AGM does not carry any resolution on ratification of appointment of Statutory Auditors.

The Company has received necessary consent and certificates under Section 139 from the above Auditors to the effect that they satisfied the criteria provided in section 141 of the Companies Act, 2013 read with Cos. (Audit & Auditors) Rules, 2014 including any statutory modification or re-enactment thereof for the time being in force.

No frauds have been reported by the Auditors under Section 143 (12) of the Companies Act, 2013 requiring disclosure in the Board Report as per section 134(3)(ca) of the Act..



## AUDITORS' REPORT

Explanation to Auditor's emphasis of matter:

**Auditors have in their report drawn attention to Note No- 38 to the financial statements which describes on steps taken by the company for transition to the Ind AS compliances.**

In the opinion of the Board, the company has implemented / adopted the following policies and procedures for accounting:

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

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

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

**Auditors have in their report drawn attention to Note No- 39 to the financial statements which describes the impact of expected credit loss on trade receivables.**

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

Except of the emphasis of matters mentioned above all other observations made by the Statutory Auditors in their report for the financial

year ended 31st March 2021 read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

## COST AUDITORS

Pursuant to Section 148 (1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit), Amendment Rules 2014, your Company is required to maintain cost records as specified by the Central Government and accordingly such accounts and records are made and maintained.

Pursuant to Section 148(2) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the Company is also required to get its cost accounting records audited by a Cost Auditor Accordingly, the Board at its meeting held on August 25, 2021 has on the recommendation of the Audit Committee, re-appointed M/s. Ray, Nayak & Associates, Partner CMA. Chaitanya Kumar Ray, Cost Accountants, having office at MIG-26, Manorama Estate, Rasulgarh, Bhubaneswar - 751010 (Odisha), as the Cost Auditors of the Company to conduct the audit of the cost accounting records of the Company for the financial year 2021-22 on a remuneration of ₹55,000/- plus service tax as applicable and reimbursement of actual travel and out of pocket expenses.

M/s. Ray, Nayak & Associates have vast experience in the field of cost audit and have been conducting the audit of the cost records of the Company for the past several years.

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

The Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2020 was filed in XBRL mode on 16.01.2021.

## SECRETARIAL AUDITORS AND AUDIT REPORT

The Board at its meeting held on June 15, 2021, has re-appointed M/s. Amarendra Mohapatra & Associates, Prop. CS. Amarendra Mohapatra, a Practicing Company Secretary (CP No- 14901) having office at House No. 56/1, MIG II, Phase I, Chandrasekharpur Housing Board Colony CS. Pur, Bhubaneswar, Odisha - 751016, as Secretarial Auditor, of the Company for F.Y. 2021-22 to undertake the Secretarial Audit of the Company Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Report of the Secretarial Audit carried out by M/s. Amarendra Mohapatra & Associates is annexed herewith as Annexure "E".

During the period under review, the Company has complied with the applicable Secretarial Standards notified by the Institute of Company Secretaries of India.

Further Pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019. The company has also received Annual Secretarial Compliance Report issued by M/s. Amarendra Mohapatra & Associates, Prop. CS. Amarendra Mohapatra, Practicing Company Secretary for the Year ended on 31<sup>st</sup> March, 2021 which was duly filed with Bombay Stock Exchange Limited.

The Annual Secretarial Compliance Report and Secretarial Audit report contains the following observation or qualification requiring explanation or comments or action to be taken by the Board under Section 134(3)(f)(ii) of the Companies Act, 2013.

The Company had received SEBI ADJUDICATION ORDER NO. - Order /KS/AA/2019-20/6513 dated 23.01.2020 imposing a penalty of ₹ 18.80 lakh on scan steels limited under the provisions

of section 15HA of the SEBI Act for indulging in fraudulent trading in the stock options segment of the BSE, between April 2014 and September 2015 that created large scale reversal of trades in stock options segment of the BSE and led to creation of artificial trading volumes in the stock options contracts that violated the provisions of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms. The Company have remitted during the year sum of ₹21,13,399/- (Rupees Twenty-One Lakh Thirteen Thousand Three Hundred and Ninety-Nine Only) towards penalty levied on company against the said Adjudication order along with the interest from the date of order @12% p.a.

As per the Auditors discussion held with the company Management it was observed that such remittance is without prejudice and not to be deemed as admission in any manner by the company. The decision of Hon'ble SAT is awaited in the appeal filed by company and shall not prejudice company's rights in any manner whatsoever.

## AUDIT COMMITTEE.

Audit Committee is constituted as per Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. Composition of Audit Committee is as per Section 177 (8) of Companies Act, 2013. The Prime Objective of the Committee is to monitor and provide effective supervision of the Management 's financial reporting process, to ensure accurate and timely disclosures, with the highest levels of transparency, integrity and quality of financial reporting and to review matters related to SEBI (Prohibition of Insider Trading), Regulations, 2015.

Composition, Terms of reference and Details of Meeting of the Committee is explained in Detail in the Corporate Governance Part of this Annual Report.

There was no recommendation as such in the Financial Year 2020-2021 from the Audit Committee which was not accepted by the Board.

### **VIGIL MECHANISM**

In pursuance of Section 177(9) of the Companies Act, 2013 and Regulation 22 read with Regulation 4(2)(d)(iv) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Vigil Mechanism has been Constituted for directors and employees to report genuine concerns and Audit committee shall oversee the vigil mechanism through the committee and provide adequate safeguards against victimization of employees and directors who availed of the vigil mechanism and have a direct access to the chairman of the audit committee in exceptional case. In case of repeated frivolous complaints being filed by the director or an employee the audit committee may take suitable action including reprimand if necessary.

Further, Audit Committee revised the Vigil Mechanism / Whistle Blower Policy in terms of Regulation 9A of the SEBI (Prohibition of Insider Trading), Regulations, 2015, which can be accessed from our website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

### **CONSTITUTION OF STAKEHOLDERS RELATIONSHIP COMMITTEE**

The Board has constituted a Stakeholders Relationship Committee According to 178 (5) of the Companies Act 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The SR Committee is primarily responsible to review all matters connected with the Company's transfer of securities and redressal of shareholders' / investors' / security holders' complaints.

Composition and Terms of Reference of the SR Committee is Detailed in Corporate Governance Report Part of this Annual Report.

### **NOMINATION AND REMUNERATION COMMITTEE**

The Board has set up a Nomination and Remuneration Committee In compliance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Committee is responsible for making Policy pursuant to Proviso to Section 178 (3) & (4) read with Rules made there under and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and / or recommending to the Board, the remuneration package of Directors, KMP & other employees, including their annual increment and commission after reviewing their performance and also to decide the Criteria for determining appointment Qualifications, Positive attributes, and Independence of a Director.

The Details Regarding the Composition of the Committee, Meetings held and Terms Of reference etc.. is Detailed in Corporate Governance Report Part of this Annual Report. And the Detailed Nomination and Remuneration Policy is attached as Annexure 'D' to this Report.

### **CONSTITUTION OF CORPORATE SOCIAL RESPONSIBILITY COMMITTEE**

Scan Steels's commitment towards excellence in Health, Safety and Environment is one of the company's core values by complying with the Laws and Regulations first, and then going beyond the mandate to keep our planet safe for future generations. Minimizing the environment impact of our operations assumes utmost priority.

The company is unwavering in its policy of "safety of persons overrides all production targets" which drives all employees to continuously break new grounds in safety management for the benefit of the people, property, environment and the communities in which Scan Steels operate. Our dedicated measures by conducting the

Risk Assessment, Identification of significant environment aspects of all manufacturing plants and signatory commitment of Responsible Care, Greatest emphasis is given to safety measures for minimizing accidents and incidents.

In View of the above The Board has Constituted Corporate Social Responsibility Committee to Comply the Section 135 of the Companies Act, 2013. Composition and Terms of Reference of which is Detailed in Corporate Governance Report Part of this Annual Report.

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

The Company has zero tolerance towards sexual harassment at the workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules there under.

Further, 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

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

### **E-VOTING FACILITY AT AGM**

In compliance with Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the

company is pleased to provide members facility to exercise their votes for all the resolutions detailed in the Notice of the 28<sup>th</sup> Annual Report of the company and the business may be transacted through e-voting. The company has engaged the services of Central Depository Services Limited (CDSL) as the authorized agency to provide the e-voting facility.

### **LISTING ON STOCK EXCHANGE**

The Company continues to remain listed with Bombay Stock Exchange Limited and annual listing fee for the same has been paid.

### **DISCLOSURES**

#### **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

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

### **ANNUAL RETURN**

Pursuant to Section 92(3) read with section 134(3)(a) of the Companies Act, 2013, copies of the Annual Return of the Company prepared in accordance with Section 92(1) of the Act read with Rule 11 & 12 of the Companies (Management and Administration) Rules, 2014 are placed on the website of the Company and are accessible at the web-link: <https://scansteels.com/wp-content/uploads/2021/08/MARCH-2021-one.pdf>

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

There were no loans, made by the Company under Section 186 of the Companies Act, 2013 during



the year under review. However, the company has given the corporate guarantee and made investment in quoted securities as a long-term investment and the details of the guarantees and investments covered under the provisions of section 186 of the company's act, 2013 are given in the financial statements.

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

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

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

The total number of employees as on 31st March, 2021 stood at 1721.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1), 5(2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in the Annexure 'G' in this Report.

### **MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

In term of Section 134(3)(l) of the Companies Act, 2013, no material changes and commitments have occurred after the close of the year till the

date of this Report, which could affect the financial position of the Company.

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

### **GENERAL**

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

- i. Issue of equity shares with differential rights as to dividend, voting or otherwise.
- ii. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
- iii. The Company has received SEBI ADJUDICATION ORDER NO. - Order /KS/AA/2019-20/6513 dated 23.01.2020 imposing a penalty of ₹ 18.80 lakh on scan steels limited under the provisions of section 15HA of the SEBI Act for indulging in fraudulent trading in the stock options segment of the BSE, between April 2014 and September 2015 that created large scale reversal of trades in stock options segment of the BSE and led to creation of artificial trading volumes in the stock options contracts that violated the provisions of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms. The Company have remitted during the year sum of ₹21,13,399/- (Rupees Twenty-One Lakh Thirteen Thousand Three



Hundred and Ninety-Nine Only) towards penalty levied on company against the said Adjudication order along with the interest from the date of order @12 % p.a. but such remittance is without prejudice and not to be deemed as admission in any manner by the company. The decision of Hon'ble SAT is awaited in the appeal filed by company and shall not prejudice company's rights in any manner whatsoever.

No other significant or material orders were passed by the Courts or Tribunals which impact the going concern status and Company's operations in future.

- iv. There is No Revision of Financial Statement or Board Report Adopted by the Company, thereby there is no Disclosures to be made by the Company u/s 131 of the Companies Act, 2013 for Voluntary Revision of Financial Statement.
- v. Your Company has No Holding or Subsidiary Company and thereby, Whole time Director of the Company do not receive any commission or remuneration from the same. Accordingly, there are no Details to be provided by the Company pursuant to Section 197 (14) of the Companies Act, 2013.
- vi. During the year under review there was an Inter-se transfer of shares in terms of Regulation 10 (1) (a) (ii) read with 10 (1) (a) (i) of the SEBI (SAST) Regulations, 2011. Which was in nature of transfer of shares (as per Gift Deed) through an off-Market transaction amongst Promoters, according to which:
  - Mr. Rajesh Gadodia, (Promoter) has acquired 14,31,662 (2.73 %) Equity Shares

of the Company by way of purchase from Mrs. Binita Gadodia, (Promoter) of the Company, Consequent to the above transfer, the equity shareholding of Mr. Rajesh Gadodia in the Company increased from 3536786 (6.76%) to 4968448 (9.49%). and Mrs. Binita Gadodia cease to be the Shareholder and part of Promoters/Promoter Group after the said Transfer.

-Mrs. Archana Gadodia, (Promoter) has acquired 1782275 (3.40%) Equity Shares of the Company by way of purchase from Mr. Nimish Gadodia, (Promoter) of the Company, Consequent to the above transfer, the equity shareholding of Mrs. Archana Gadodia in the Company increased from 1363007 (2.60%) to 3145282 (6.01%). And equity shareholding of Mr. Nimish Gadodia in the Company Decreased from 3408316 (6.51%) to 1626041 (3.11%).

-The aggregate holding of Promoter and Promoter Group before and after the above 'Inter Se' transfer, remains the same.

### ACKNOWLEDGEMENTS

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

### FOR AND ON BEHALF OF THE BOARD

Sd/-  
**Ankur Madaan**  
Whole- Time Director  
(DIN: 07002199)

Sd/-  
**Praveen Patro**  
Director  
(DIN: 02469361)

Place: Bhubaneswar  
Date: 25th August, 2021

## ANNEXURES TO THE BOARD REPORT

| ANNEXURE NO. | CONTENTS   |
|--------------|--|
| ANNEXURE 'A' | <b>Form AOC - 2</b> (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014) disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 and Related Party Transactions Justification for Entering into Related Party Transactions referred to in sub-section (2) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto. |
| ANNEXURE 'B' | Annual Report on CSR   |
| ANNEXURE 'C' | Policy for Selection of Directors and determining Directors' independence.   |
| ANNEXURE 'D' | Nomination and Remuneration Policy   |
| ANNEXURE 'E' | Secretarial Audit Report (In Form - MR 3)  |
| ANNEXURE 'F' | Particulars of Conservation of Energy, Technology Absorption and foreign Exchange Earnings and outgo.  |
| ANNEXURE 'G' | Rule 5 (1) (2) AND (3) of Companies (Managerial Remuneration) Rules  |
| ANNEXURE 'H' | Certificate of Compliances with Corporate Governance Requirement Pursuant to Regulation 34(3) Read with Schedule V (E) - of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015   |

## ANNEXURE 'A'

### Form No. AOC-2

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

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

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

Scan Steels Limited (the Company) has not entered into any contract/arrangement/transaction with its related parties, which is not in ordinary course of business or at arm's length during FY 2021. The Company has laid down policies and processes/ procedures so as to ensure compliance to the subject section in the Companies Act, 2013 [Act] and the corresponding Rules.

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

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

| (a) Name(s) of the related party and nature of relationship      | (b) Nature of contracts/ arrangements/ transactions | (c) Duration of the contracts / arrangements/ transactions | (d) Salient terms of the contracts or arrangements or transactions including the value, if any:   | (e) Date(s) of approval by the Board, if any: | (f) Amount paid as advances, if any: |
|--|---|--|---|---|--------------------------------------|
| Scan Energy & Power Limited,<br>Relative of one of the Director. | Sale of Sponge Iron, Intermediary Steel Products,   | Continuous Basis   | Sale of Steel Products, at arm's length basis. (For details of transactions during the year refer Note -28 to the financial statements) | Please refer note below                       | Nil                                  |

|  |                                    |                  |  |                         |     |
|--|------------------------------------|------------------|--|-------------------------|-----|
| Shrishti Trading Corporation Pvt. Ltd.<br><br>One Director (Mr. Rajesh Gadodia) is common. | Sale & Purchase of Steel Products, | Continuous Basis | Sale/Purchase of Steel Products, at arm's length basis. (For details of transactions during the year refer Note -28 to the financial statements) | Please refer note below | Nil |
|--|------------------------------------|------------------|--|-------------------------|-----|

Note: as per regulation 23 of the SEBI Listing Regulations erstwhile Clause 49 of Listing agreement, transaction with Scan Energy & Power Limited - related party was considered material and approval of shareholders has been obtained at the Extraordinary General Meeting held on 26.03.2015 for an estimated amount around ₹200 cr. During F.Y 2014-15 and onwards. Further for Shrishti Trading Corporation Pvt. Ltd. Shareholders' approval has been obtained at the Annual General Meeting held on 30.09.2020 for an estimated amount around ₹300 cr. From 2020-2021 and onwards. and which is also reviewed by Audit Committee.

**FOR AND ON BEHALF OF THE BOARD**

Place: Bhubaneswar  
Date: 25th August, 2021

**Sd/-**  
**Ankur Madaan**  
Whole- Time Director  
(DIN: 07002199)

**Sd/-**  
**Praveen Patro**  
Director  
(DIN: 02469361)

## ANNEXURE 'B'

### Annual Report on Corporate Social Responsibility (CSR) Activities

[Pursuant to Section 135 of the Companies Act, 2013 and the Companies

(Corporate Social Responsibility) Rules, 2014]

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

As a part of its policy for corporate social responsibility, the Company is associated with charitable and social activities and thereby playing a pro-active role in the socioeconomic growth. In structuring its efforts to the various aspects of Corporate Social Responsibilities, the Company takes in account guidelines and statements issued by stakeholders and other regulatory bodies.

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

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

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

- Rural Transformation: Creating sustainable livelihood solutions, addressing poverty, hunger, malnutrition and Drinking Water Facility.
- Health: Affordable solutions for healthcare through improved access, awareness and health seeking behaviour.
- Education: Access to quality education, training and skill enhancement, Specially in Nearby Villages where the Plants of the Company Located.
- Environment: Environmental sustainability, ecological balance, conservation of natural resources.
- Water: The Company makes affordable solution for water crises in the local area within the factory.

The Company would also undertake other need based initiatives in compliance with Schedule VII to the Act. The CSR Policy may be accessed on the Company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

2. The Composition of the CSR Committee.

| SI NO. | Name of Director | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during by year | Number of meetings of CSR Committee attended during the year |
|--------|------------------|-------------------------------------|---|--|
| 1      | Mr. Vinay Goyal  | Independent Director                | 2   | 2  |
| 2      | Mr. Punit Kedia  | Independent Director                | 2   | 2  |
| 3      | Mr. Ankur Madaan | WTD/Executive Director              | 2   | 2  |

3. The web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company are provided below:



|                                       |   |
|---------------------------------------|---|
| The Composition of CSR committee      | <a href="https://scansteels.com/committees/">https://scansteels.com/committees/</a>   |
| CSR Policy                            | <a href="https://scansteels.com/wp-content/uploads/2021/06/CSR-POLICIES-1.pdf">https://scansteels.com/wp-content/uploads/2021/06/CSR-POLICIES-1.pdf</a> |
| CSR projects as approved by the board | <a href="https://scansteels.com/wp-content/uploads/2021/08/CSR-20-21.pdf">https://scansteels.com/wp-content/uploads/2021/08/CSR-20-21.pdf</a>           |

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report).

During the year, the Company has Spent CSR contributions on its own for funding their various programs and initiatives in the fields of education, infrastructure support for rural development and to the extent possible for Covid care support. There are no projects undertaken or completed before or after 22 January 2021, for which the impact assessment report is applicable in terms of sub-rule 3 of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014.

8. (a) CSR amount spent or unspent for the financial year:

| Total amount spent for the financial year (₹ in Lakhs) | Amount Unspent (in ₹)  |                   |  |           |                   |
|--|--|-------------------|--|-----------|-------------------|
|  | Total Amount transferred to Unspent CSR Account as per section 135(6). |                   | Amount transferred to any fund specified under schedule VII as per second proviso to section 135(5). |           |                   |
|  | Amount   | Date of transfer. | Name of the Fund   | Amount    | Date of transfer. |
| <b>24.22</b>   | <b>NA</b>  | <b>NA</b>         | <b>NA</b>  | <b>NA</b> | <b>NA</b>         |

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility policy) Rules, 2014 and amount required for set off for the financial year, if any

| SI NO. | Financial Year | Amount available for set-off from preceding financial year (in ₹) | Amount required to be set-off for the financial year, if any (in ₹) |
|--------|----------------|---|---|
| 1      | NA             | NA  | NA  |
|        | <b>TOTAL</b>   | <b>NA</b>   | <b>NA</b>   |

6. Average net profit of the company as per section 135(5) of the Companies Act, 2013. - ₹ 1193.69 Lakhs
- 7.(a) Two percent of average net profit of the company as per section 135(5) of the Companies Act, 2013. - ₹ 23.87 Lakhs
- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Not Applicable
- (c) Amount required to be set off for the financial year, if any: Nil
- (d) Total CSR obligation for the financial year (7a+7b-7c). - ₹23.87 Lakhs

(b) Details of CSR amount spent against ongoing project for the financial year:

| (1)     | (2)                 | (3)  | (4)                  | (5)                      |             | (6)                       | (7)                                     | (8)   | (9)  | (10)   | (11)   |                         |
|---------|---------------------|--|----------------------|--------------------------|-------------|---------------------------|---|---|--|--|--|-------------------------|
| Sl. NO. | Name of the Project | Item from the list of activities in schedule VII to the CA Act, 2013 (Section 135) | Local area (Yes/No). | Location of the project. |             | Project Duration (Years). | Amount allocated for the project (in ₹) | Amount spent in the current financial year (in ₹) | Amount transferred to Unspent CSR Account for the project as per section 135(6) (in ₹) | Mode of Implementation<br>Direct<br>(Yes/No) | Mode of Implementation Through Implementing Agency |                         |
|         |                     |  |                      | State.                   | Dist-tract. |                           |   |   |  |  | Name   | CSR Resignation Number. |
| 1       | NA                  | NA   | NA                   | NA                       | NA          | NA                        | NA                                      | NA  | NA   | NA   | NA   | NA                      |
| 2       | NA                  | NA   | NA                   | NA                       | NA          | NA                        | NA                                      | NA  | NA   | NA   | NA   | NA                      |
| 3       | NA                  | NA   | NA                   | NA                       | NA          | NA                        | NA                                      | NA  | NA   | NA   | NA   | NA                      |
|         | <b>TOTAL</b>        | <b>NA</b>  | <b>NA</b>            | <b>NA</b>                | <b>NA</b>   | <b>NA</b>                 | <b>NA</b>                               | <b>NA</b>   | <b>NA</b>  | <b>NA</b>                                    | <b>NA</b>  | <b>NA</b>               |

(c) Details of CSR amount spent other than ongoing projects for the financial year:

| (1)    | (2)  | (3)  | (4)                  | (5)                      |            | (6)   | (7)  | (8)  |                         |
|--------|--|--|----------------------|--------------------------|------------|---|--|--|-------------------------|
| Sl No. | Name of the project                          | Item from the list of activities in schedule VII to the CA Act. 2013 (Section 135) | Local area (Yes/No). | Location of the project. |            | Amount spent for the project (₹ in Lakhs.). | Mode of Implementation<br>Direct<br>(Yes/No) | Mode of Implementation Through Implementing Agency |                         |
|        |  |  |                      | State.                   | District.  |   |  | Name.  | CSR Resignation Number. |
| 1.     | Covid care support                           | Item No. (i)   | Yes                  | Odisha                   | Sundergarh | 2.95  | Direct                                       | NA   | NA                      |
| 2.     | Education                                    | Item No. (ii)  | Yes                  | Odisha                   | Sundergarh | 7.13  | Direct                                       | NA   | NA                      |
| 3.     | infrastructure support for rural development | Item No. (x)   | Yes                  | Odisha                   | Sundergarh | 14.14                                       | Direct                                       | NA   | NA                      |
|        | <b>TOTAL</b>                                 |  |                      |                          |            | <b>24.22</b>                                |  |  |                         |

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable – Not Applicable

(f) Total amount Spent for the Financial Year (8b+8c+8d+8e) – ₹24.22 Lakhs

(g) Excess amount for set off, if any -

| Sl. NO. | Particular  | Amount (₹ In Lakhs) |
|---------|---|---------------------|
| (i)     | Two percent of average net profit of the company as per section 135(5)                                      | 23.87               |
| (ii)    | Total amount Spent for the Financial Year   | 24.22               |
| (iii)   | Excess amount spent for the financial year [(ii)-(i)]   | 0.35                |
| (iv)    | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | NA                  |
| (v)     | Amount available for set off in succeeding financial year [(iii)-(iv)]*                                     | 0.35*               |

\* The Company does not propose to avail any set-off, against the excess amount spent in FY 2020-21, for succeeding financial years.

9. (a) Details of Unspent CSR amount for the preceding three financial year:

| SI. NO.        | Preceding Financial Year. | Total Amount transferred to Unspent CSR Account under section 135(6) (in ₹) | Amount spent in the reporting Financial Year (in ₹). | Amount transferred to any fund specified under schedule VII as per section 135(6), if any. |               |                   | Amount remaining to be spent in succeeding financial years. (in ₹) |
|----------------|---------------------------|---|--|--|---------------|-------------------|--|
|                |                           |   |  | Name of the Fund   | Amount (in ₹) | Date of transfer. |  |
| Not Applicable |                           |   |  |  |               |                   |  |

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

| (1)            | (2)         | (3)                  | (4)  | (5)               | (6)  | (7)   | (8)  | (9)                                       |
|----------------|-------------|----------------------|--|-------------------|--|---|--|---|
| SI. No.        | Project ID. | Name of the Project. | Financial year in which the project was commenced. | Project duration. | Total amount allocated for the project (in ₹). | Amount spent on the project in the reporting financial year (in ₹). | Cumulative amount spent at the end of reporting financial year. (in ₹) | Status of the project Completed/ Ongoing. |
| Not Applicable |             |                      |  |                   |  |   |  |   |

10. Details of creation or acquisition of capital asset, created or acquired through CSR spent in the financial year:

- (a) Date of creation or acquisition of the capital asset(s). - None
- (b) Amount of CSR spent for creation or acquisition of capital asset. - Nil
- (c) Details of the entity or public authority or beneficiary Under whose name such capital asset is registered, their Address etc. - Not Applicable

(d) Provide details of the capital asset(s), created or acquired (Including complete address and location of the capital Asset). - Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) of the Companies Act, 2013. - Not Applicable

Sd/-  
**Vinay Goyal**

Chirman of CSR Committee  
& Independent Director

Sd/-  
**Ankur Madaan**

Member of committee &  
Whole- Time Director

Sd/-  
**Punit Kedia**

Independent Director &  
Member of Committee

Place: Bhubaneswar  
Date: 25th August, 2021

## ANNEXURE 'C'

### POLICY FOR SELECTION OF DIRECTORS AND DETERMINING DIRECTORS' INDEPENDENCE

#### 1. Introduction

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

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

#### 2. Scope and Exclusion :

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

#### 3. Terms and References:

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

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

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

3.3 "Independent Director" means a director

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

#### 4. Policy :

##### 4.1 Qualification and criteria

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

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

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

4.1.3 The proposed appointee shall also fulfill the following requirements:

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

- Shall Endeavour to attend all Board Meetings and wherever he is appointed as a committee members, the committee Meetings;
- Shall abide by the code of conduct established by the Company for Directors and senior Management Personnel;
- Shall disclose his concern or interest in any company or companies bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made;
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other relevant laws.

4.1.4 The Nomination and Remuneration committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

#### 4.2 Criteria of Independence

4.2.1 The Nomination and Remuneration Committee shall assess the independence of Director at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is as below:

An independent director in relation to a company, means a director other than a man-aging director or a whole-time director or a nominee director-

- a. Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company or member of the promoter group of the listed entity;
- (ii) who is not related to promoters or directors/ persons occupying management position at the board level or level below the board in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship, other than sitting fees / remuneration as such director or having transaction not exceeding ten percent. of his total in-come or such amount as may be prescribed, with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. None of whose relatives –
  - i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year:
 

Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two per cent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;
  - (ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;
  - (iii) has given a guarantee or provided any security in connection with the indebted-



ness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or

(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);”;

e. Who, neither himself nor any of his relatives –

(i) Holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company or any company belonging to the promoter group of the listed entity in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

“Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years.”

(ii) Is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial in which he is proposed to be appointed, of—

(A) A firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or

(B) Any legal or a consulting firm that has or any transaction with the company its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;

(iii) Holds together with his relative two per cent or more of the total voting power of the company; or

(iv) Is a Chief Executive or director, by whatever name called, of any non-profit organization that receives twenty-five per cent or more of its re-ceipts from the company, any of its promoter, directors or its holding, subsidiary or associate company or that holds two per cent or more of more of the total voting power of the company; or

(v) Is a material supplier, service provider or customer or a lessor or lessee of the company

f. Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company’s business.

g. Shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013

h. Who is not less than 21 years of age

i. who is not a non-independent director of another company on the board of which any non-independent director of the listed entity is an independent director.

4.2.3 The Independent Director shall abide by the “Code for Independent Directors” as specified in schedule IV to the Companies Act, 2013

4.3 Other directorship/committee memberships

4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorship in other listed public limited companies in such a way that is does not interfere with their role as directors of the Company. The Nomination and Remuneration

Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the in-dividual Directors and making its recommendations to the Board.

4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies and 8 Listed Company (w.e.f 01.04.2020 - 7 Listed Companies).

4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 listed Companies in case he is serving as a whole-time Director in any Listed Company.

4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships.

For the purpose of reckoning Limit of Directorship Dormant Co. (whether Pvt. Or Public) to be excluded.

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



## ANNEXURE 'D'

### SCAN STEELS LIMITED (SSL) NOMINATION AND REMUNERATION POLICY

#### INTRODUCTION

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

#### OBJECTIVE

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

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

to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.

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

#### APPLICABILITY

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

## DEFINITIONS

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

“**Board**” means Board of Directors of the Company.

“**Directors**” mean Directors of the Company.

“**Key Managerial Personnel**” means

- i. Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-time Director;
- ii. Chief Financial Officer;
- iii. Company Secretary; and
- iv. such other officer as may be prescribed.

“**Senior Management**” means the personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

## CONSTITUTION OF COMMITTEE

- The Board of Directors of the Company (the Board) constituted the committee to be known as the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half are independent directors.
- The Chairman of the Committee is an Independent Director. In the absence of the Chairperson, the members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- However, the chairperson of the company (whether executive or nonexecutive) may be

appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.”

- Minimum Two (2) members or one third of the members of the committee, whichever is greater, including at least one independent director in attendance shall constitute a quorum for the Committee meeting.
- Membership of the Committee shall be disclosed in the Annual Report.
- Term of the Committee shall be continued unless terminated by the Board of Directors.

## FREQUENCY OF COMMITTEE MEETING

The meeting of the Committee shall be held at least once in a year.

## POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

### 1. Appointment Criteria and Qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director/ Managing Director / Manager who has attained the age of seventy years and non-executive director who has attained the age of seventy five years. Provided that the term of the person holding this position may be extended beyond the age of seventy years

and seventy Five Years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond the specified years.

Provided that in case of Whole-time Director/ Managing Director / Manager where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

- d) A person shall not be a director in more than eight listed entities and in not more than seven listed entities with effect from April 1, 2020.

## 2. Term / Tenure

### a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

### b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

## 3. Evaluation

The Committee shall specify the manner and carry out effective evaluation of performance of Board and its committees / every Director, KMP and Senior Management Personnel at regular interval (yearly) and review its implementation and compliance.

## 4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations there under, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

## 5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.



## POLICY FOR REMUNERATION TO DIRECTORS/ KMP/SENIOR MANAGEMENT PERSONNEL

### 1. Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

### 2. Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## COMMITTEE MEMBER'S INTEREST

- A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

## SECRETARY

The Company Secretary of the Company shall act as Secretary of the Committee.

## VOTING

- Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.

- In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## DUTIES IN RELATION TO NOMINATION MATTERS

The duties of the Committee in relation to nomination matters include:

- Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- Identifying and recommending Directors who are to be put forward for retirement by rotation
- Determining the appropriate size, diversity and composition of the Board;
- Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract;
- Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- Recommend any necessary changes to the Board; and
- Considering any other matters, as may be requested by the Board.

## DUTIES IN RELATION TO REMUNERATION MATTERS

The duties of the Committee in relation to remuneration matters include:

- Considering and determining the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- Delegating any of its powers to one or more of its members or the Secretary of the Committee.

- Considering any other matters as may be requested by the Board.

## MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee at the subsequent meeting or before the Next Committee Meeting. Minutes of the Committee meetings will be tabled at the subsequent Board and Committee meeting.

## REVIEW AND AMENDMENT

- i. The NRC or the Board may review the Policy as and when it deems necessary.
- ii. The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- iii. This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

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## ANNEXURE 'E'

**Form No- MR-3**  
**Secretarial Audit Report**  
**FOR THE FINANCIAL YEAR ENDED 31st March 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To,  
 The Members,  
**Scan Steels Limited**  
 Office No. 104-105, E-square, Subhash Road,  
 Opp. Havmor Ice Cream, Vile Parle (E), Mumbai –  
 400 057

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

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Scan Steels Limited** ("**The Company**") for the Financial Year ended on 31<sup>st</sup> March, 2021 according to the provisions of:

1. The Companies Act, 2013 (**the Act**) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
3. SEBI (Depositories and Participant) Regulations, 2018
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not Applicable to the company during the audit period**);
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; to the extent applicable;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and 2018 and amendments from time to time; to the extent applicable;

- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014; **(Not Applicable to the Company during the audit period)**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the company during the audit period)**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not Applicable to the company during the audit period);**
  - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and 2018; **(Not Applicable to the company during the audit period) and**
  - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; to the extent applicable
  - j. 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)**
6. Other than fiscal, labour and environmental laws which are generally applicable to all manufacturing/ trading companies, the following laws/acts are also, inter-alia, applicable to the company:
- a. Legal Metrology Act, 2009 and the Rules made thereunder;
  - b. Orissa Electricity (Duty) Act, 1961 and Rules made thereunder;
  - c. The Static & Mobile Pressure Vessels Rules, 1981;
  - d. The Gas Cylinder Rules, 2004;

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

#### **(i) Secretarial Standards**

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

#### **(ii) Listing Agreements**

The Listing Agreement entered into by the Company with BSE read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

#### **We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in the Composition of the Board of Directors that took place during the year under review carried out in compliance with the provision of the Act.

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

All decisions at Board Meeting and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be. Dissenting member's views were not required to be captured and records as a part of the minutes as there was no such instance.

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

applicable laws, rules, regulations and guidelines.

We further report that during the audit period Company have remitted sum of ₹ 21,13,399/- (Rupees Twenty-One Lakh Thirteen Thousand Three Hundred and Ninety-Nine Only) towards penalty levied on company against the said Adjudication order along with the interest from the date of order @12 % p.a. against SEBI ADJUDICATION ORDER NO. - Order /KS/AA/2019-20/6513 dated 23.01.2020 which imposed a penalty of ₹18.80 lakh on scan steels limited under the provisions of section 15HA of the SEBI Act for indulging in fraudulent trading in the stock options segment of the BSE, between April 2014 and September 2015 that created large scale reversal of trades in stock options segment of the BSE and led to creation of artificial trading volumes in the stock options contracts that violated the provisions of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms.

Further, we have observed after discussion with the Management that such remittance is without prejudice and not to be deemed as admission in any manner by the company. The decision of Hon'ble SAT is awaited in the appeal filed by company and shall not prejudice company's rights in any manner whatsoever.

Further, During the year under review there was an Inter-se transfer of shares in terms of Regulation 10 (1) (a) (ii) read with 10 (1) (a) (i) of the SEBI (SAST) Regulations, 2011. Which was in nature of transfer of shares (as per Gift Deed) through an off-Market transaction amongst Promoters, according to which:

-Mr. Rajesh Gadodia, (Promoter) has acquired 14,31,662 (2.73%) Equity Shares of the Company by way of purchase from Mrs. Binita Gadodia, (Promoter) of the Company, Consequent to the above transfer, the equity shareholding of Mr. Rajesh Gadodia in the Company increased from 3536786 (6.76%) to 4968448 (9.49%). and Mrs. Binita Gadodia cease to be the Shareholder and part of Promoters/Promoter Group after the said Transfer.

-Mrs. Archana Gadodia, (Promoter) has acquired 1782275 (3.40%) Equity Shares of the Company by way of purchase from Mr. Nimish Gadodia, (Promoter) of the Company, Consequent to the above transfer, the equity shareholding of Mrs. Archana Gadodia in the Company increased from 1363007 (2.60%) to 3145282 (6.01%). And equity shareholding of Mr. Nimish Gadodia in the Company Decreased from 3408316 (6.51%) to 1626041 (3.11%).

-The aggregate holding of Promoter and Promoter Group before and after the above 'Inter Se' transfer, remains the same

We further report that other than the aforementioned order and points during the audit period the Company has not undertaken any specific events to report and there were no specific events/actions such as public/right/ debentures/ sweat equity of securities, buy back, foreign technical collaborations etc. which require compliance of applicable provisions thereof.

For M/s. AMARENDRA MOHAPATRA & ASSOCIATES  
Company Secretaries

Sd/-

**Amarendra Mohapatra**  
ACS No.: 26257  
C.P. No. 14901

Place: Bhubaneswar  
Date: 25th August, 2021

\*This report is to be read with our letter of even date which is annexed as 'Annexure E-1' and forms an integral part of this report.



## ‘ANNEXURE E-1’

To,  
The Members,  
Scan Steels Limited  
104/105, ‘E-Square’,  
Subhash Road, opp. Havmor Ice- Cream,  
Vile-Parle (East), Mumbai – 400057.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.
7. We further report that, based on the information provided by the Company its officers, authorised representatives during the conduct of the audit and also on the review of quarterly compliance report by the respective departmental heads / Company Secretary / Whole-Time Director taken on record by the Board of the Company, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like labour laws & Environment laws.
8. We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

Place: Bhubaneswar  
Date: 25th August, 2021

For M/s. AMARENDRA MOHAPATRA & ASSOCIATES  
Company Secretaries

Sd/-  
**Amarendra Mohapatra**  
ACS No.: 26257  
C.P. No. 14901

## ANNEXURE 'F'

The details of conservation of energy, technology absorption, foreign exchange earnings and outgo as required under Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31<sup>st</sup> March, 2021.

### A) CONSERVATION OF ENERGY:

#### I. Steps taken or impact on for conservation of energy:

In addition to the existing measures being practiced, the following steps were taken:-

- i) Education of work at the Head Office regarding use of various office equipments, especially computers in a manner that use less energy.
- ii) Adoption of Policy of Having our heating and cooling equipment serviced regularly.
- iii) Moved to energy efficient compressors and motors along with optimisation of capacity;
- iv) Replacement of conventional lamps to LED for Street lights;
- v) All machines provided with timers to reduce idling;

#### II. Steps taken by the Company for utilising alternate source of energy:

The Company is planning to go with green energy conservation. In recent times, the company has taken initiative for installation of solar power within the factory premises one step towards green initiative.

#### III. The Capital investment on energy conservation equipments:

The company has Not made any capital investment for utilising alternate source of energy.

### B) TECHNOLOGY ABSORPTION:

- (i) the efforts made towards technology absorption

#### Coal Beneficiation:

Introduced "modifier" in flotation cell to increase clean coal yield.

Developed process flow sheet for new washery at Budhakata by introducing intermediate coal beneficiation to enhance clean coal recovery.

#### (ii) Research and Development:

Specific areas in which R & D is carried out by your company.

- i) Horizontal and vertical expansion of company's product profile.
- ii) New & Improved Product Development.
- iii) Up gradation of R&D lab, efforts are being made to develop state of the art R&D centre at Rambahal works to cater to the growing demand of products.

#### (iii) The benefit derived like product improvement, cost reduction, product development or import substitution:

- Customer satisfaction, cost reduction and quality improvement.
- Efficiency and yield improvement, loss reduction and modernization program
- Increased Market share for various products.
- Better market penetration of various products.
- Strength of Products are being developed by up gradation and innovation.

#### (iv) Information regarding imported technology (imported during last three years reckoned from the beginning of the financial year)

- a) the details of technology imported; Not Applicable

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

| Sr. No. | Particulars  | Amount (₹ in Crore) |
|---------|--------------|---------------------|
| 1       | Capital      | Nil                 |
| 2       | Revenue      | Nil                 |
|         | <b>Total</b> | <b>Nil</b>          |

**C) FOREIGN EXCHANGE EARNING AND OUT-GO:**

|  | Current Year<br>(Amount) | Previous Year<br>(Amount) |
|--|--------------------------|---------------------------|
| Total foreign exchange outgo in terms of actual outflow In US \$               | Nil                      | 5550                      |
| Total foreign exchange outgo in terms of actual outflow In Thailand Baht (THB) | Nil                      | 1,00,000                  |
| Total foreign exchange earned in terms of actual inflows                       | <b>Nil</b>               | <b>Nil</b>                |

**FOR AND ON BEHALF OF THE BOARD**
**Sd/-**
**Ankur Madaan**  
 Whole- Time Director  
 (DIN: 07002199)

**Sd/-**
**Praveen Patro**  
 Director  
 (DIN: 02469361)

 Place: Bhubaneswar  
 Date: 25th August, 2021


## ANNEXURE 'G'

DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT 2013 READ WITH RULE 5 (1) (2) & (3) OF COS (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

**THE INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:**

- (i) The percentage increase in remuneration of each director, Chief Financial Officer, Company Secretary during the financial year 2020-2021 and ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2020-21 are as under;

| Sr. No. | Name of the Director/ KMP and designation                    | Remuneration of Director/ KMP for the FY 2020-2021 (₹ in lacs) | % increase in remuneration in the FY 2020-2021 | Ratio of remuneration of each Director/ to median remuneration of employees |
|---------|--|--|--|---|
| 1       | Mr. Ankur Madaan   | 6.00   | Nil  | 5.92  |
| 2       | Mr. Praveen Kumar Patro                                      | 7.12   | Nil  | 7.02  |
| 3       | Mr. Prabir Kumar Das, Company Secretary & Compliance Officer | 11.50  | Nil  | Not Applicable  |
| 4       | Mr. Gobinda Chandra Nayak, Chief Financial Officer           | 11.50  | Nil  | Not Applicable  |

\* Salaries of Directors and KMP was cut down during the year due to covid – 19 pandemic.

\*\* Sitting fees is not forming part of remuneration in aforesaid calculation and there is no remuneration paid to Independent Director and Non-Executive Director.

\*\*\* The ratio of remuneration to median remuneration is based on remuneration paid during the period April 1, 2020 to March 31, 2021.

(ii) The median remuneration of employees of the company during the financial year was ₹1,01,385;

(iii) In the Financial year, there was No Increase in the median remuneration of employees;

(iv) There were 1721 permanent employees on the rolls of Company as on March 31, 2021;

(v) There was No Average percentage Increase in the salaries of employees other than the managerial personnel in the last financial year i.e. 2020-2021 Nor there was any increase in the managerial remuneration for the same financial year; in view of economic conditions impacted by COVID-19 pandemic; and

(vi) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employee.

THE INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(2) & (3) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 ARE GIVEN BELOW:

(INR in Lakhs)

| SL.NO | Name                 | AGE IN YEARS | Qualification                                    | Date of Commencement Of Employment | Designation                   | Remuneration (Amount ₹ in Lakhs) | Total Experience (No. of yrs.) | Previous Employment (Designation)                              | Percentage of equity share held by employee in company |
|-------|----------------------|--------------|--|------------------------------------|-------------------------------|----------------------------------|--------------------------------|--|--|
| 1     | PRABIR KUMAR DAS     | 49           | B.Com(Hons) , FCS, MBA(Finance & Marketing), LLB | 1/12/2004                          | President & Company Secretary | 11.50                            | 23 yrs                         | Rohit Ferro Tech Limited (Company Secretary cum Legal Officer) | NIL  |
| 2     | GOBIND CHANDRA NAYAK | 49           | B.Com(Hons) , CA (Inter), ICWA (Inter)           | 01/11/2014                         | Chief Financial Officer       | 11.50                            | 22 yrs                         | Sree Metaliks Ltd., GM (finance)                               | Nil  |
| 3     | GOVIND SHARMA        | 49           | B.Com  | 01/02/2011                         | GM, Commercial                | 10.80                            | 25 yrs                         | Orissa Cement Limited, Chief Manager -Accounts                 | Nil  |
| 4     | OMPRAKASH AGRAWAL    | 55           | B.Com  | 01/02/2011                         | Senior Manager Accounts       | 9.60                             | 33 yrs                         | Orissa Cement Limited, Chief Manager -Accounts                 | Nil  |
| 5     | VINEET GADODIA       | 42           | B. Com   | 01/10/2002                         | Factory Manager               | 9.60                             | 19 yrs                         | NA   | Nil  |
| 6     | KALYAN MISHRA        | 52           | B.Com, (Hons) CA Inter                           | 01/01/2015                         | GM , Accounts                 | 9.25                             | 25 yrs                         | Business   | Nil  |
| 7     | MUKESH KUMAR VERMA   | 39           | B A  | 04/07/2010                         | DGM-Commercial                | 8.76                             | 17 yrs                         | Navdurga Fuel Pvt. Ltd. (Manager-Marketing)                    | Nil  |



|    |                      |    |                 |            |                             |      |        |  |     |
|----|----------------------|----|-----------------|------------|-----------------------------|------|--------|--|-----|
| 8  | G. RAMBABU           | 40 | B A             | 04/07/2010 | Sr. Manager                 | 7.26 | 10 yrs | NIL  | NIL |
| 9  | SAURAV SENGUPTA      | 48 | Diploma (Tech.) | 01/01/2017 | General Manager (Operation) | 7.20 | 26 yrs | Scan Energy & Power Limited GM (Operation) | Nil |
| 10 | PRAFULLA KUMAR SAHOO | 45 | B A             | 04/07/2010 | Sr. Manager (Despatch)      | 6.60 | 10 yrs | NA   | NIL |

\*Salary of Employees were cut down due to economic conditions impacted by COVID-19 pandemic. (Remuneration is based on remuneration paid during the period April 1, 2020 to March 31, 2021.)

1. The remuneration includes salary, perquisites and contribution to provident fund.
2. None of the employee is a relative of any director of the company.
3. All appointments are/were contractual in accordance with terms and conditions as per company rules.
4. None of the employees hold by himself or along with his/her spouse and dependent children, 2% or more equity shares of the company.
5. Details of remuneration of Directors are given elsewhere in the Board Report and Corporate Governance Report.

**FOR AND ON BEHALF OF THE BOARD**

Place: Bhubaneswar  
Date: 25th August, 2021

**Sd/-**  
**Ankur Madaan**  
Whole- Time Director  
(DIN: 07002199)

**Sd/-**  
**Praveen Patro**  
Director  
(DIN: 02469361)

## ANNEXURE 'H'

### CERTIFICATE OF COMPLIANCES WITH CORPORATE GOVERNANCE REQUIREMENT PURSUANT TO REGULATION 34(3) READ WITH SCHEDULE V (E) - OF SECURITIES AND EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

To  
**The Members,  
Scan Steels Limited**

We have examined the compliance of conditions of Corporate Governance by Scan Steels Limited (**"the Company"**), for the year ended on March 31, 2021, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para-C, D and E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**"the Listing Regulations"**).

#### **Managements' Responsibility**

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

#### **Auditors' Responsibility**

Our responsibility is limited to examining the procedures and implementation thereof, adopted

by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the Listing Regulations during the year ended March 31, 2021.

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

For M/s. AMARENDRA MOHAPATRA & ASSOCIATES

Sd/-  
**Amarendra Mohapatra**  
Company Secretaries  
M. No.: A26257  
C.P. No.: 14901

Place: Bhubaneswar  
Date: 25th August, 2021

## MANAGEMENT DISCUSSION AND ANALYSIS

**Our fully integrated operations – from mining to finished steel production – enables us to deliver superior value proposition. We invest continuously in process efficiency and state-of-the-art technology with a relentless focus on innovation.**

### 1. OVERVIEW

The following operating and financial reviews are intended to convey the Management's perspective on the financial and operating performance of the Company at the end of Financial Year 2020-21.

The objective of this report is to convey the Management's perspective on the external environment and steel industry, as well as strategy, operating and financial performance, material developments in human resources and industrial relations, risks and opportunities, and internal control systems and their adequacy in the Company during the Financial Year 2020-21. This Report should be read in conjunction with the Company's financial statements, the schedules and notes thereto and other information included elsewhere in the Integrated Report. The Company's financial statements have been prepared in accordance with Indian Accounting Standards ('Ind AS') complying with the requirements of the Companies Act, 2013 as amended and regulations/ guidelines issued by the Securities and Exchange Board of India ('SEBI'), from time to time. Your attention is also drawn to sections on Opportunities, Risks and Strategy Planning forming part of the Integrated Report.

#### 1.1 ORGANISATIONAL OVERVIEW

The Scan Group is renowned name in Iron and Steel Industry backed by 27 glorious years of experience in steel making. Scan Steels Limited is the flagship company of "Scan Group" of industries and represents integrated Steel Plant located at Rajgangpur, Odisha near Rourkela and other factory is in Bellary (Karnataka). Scan Steels is a complete integrated steel manufacturing unit having its own captive power plants, sponge iron and SMS.

The company is a pioneer in starting DRI unit in the State of Odisha. Over the years the Company has added many upstream as well as downstream value adding installations to attain better control over its processes, minimize production cost, wider market penetration and minimize energy dependence on the state grid by means of installing a Captive Power Plant. During a decade the Company form merely being a rolling mill became Integrated Steel Producer. The Company expanded its activities by way of acquisition at present is having manufacturing facilities in the States of Odisha, Karnataka.

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

### 2. EXTERNAL ENVIRONMENT

#### 2.1 MACROECONOMIC CONDITION

Global GDP contracted by 3.5% in 2020 as governments in both developed and emerging economies took measures to contain the spread of the COVID-19 virus. While the decline was sharper than the global financial crisis in 2009, but the scale of the fiscal response to the COVID-19 crisis was unprecedented and three times bigger than 2008-09 financial crisis. The response by policy makers prevented a collapse that would have been at least three times worse, and the medium-term losses for the global economy are expected to be smaller than the global financial crisis.

While China is forecasted to continue its rapid growth in 2021, Latin America and the Eurozone is expected to lag behind. US saw overall GDP decline of 3.5%. India's economy rebounded quickly from one of the world's longest and

most stringent lockdowns, which also came with steepest fall in GDP in Q2. Real GDP grew by 0.4% in Q3FY2021 after a contraction in the previous two quarters. Real GDP is estimated to have contracted by ~8% in FY 2020-21.

**3.3% ↓**

In Global GDP for CY 2020

Source: April 2021 World Economic Outlook (WEO) publication

## 2.2 ECONOMIC OUTLOOK

The accelerating rollout of COVID-19 vaccines in many advanced economies has set the stage for rapid recovery in the second half of this year and into 2022. Advanced economies will remain less affected by the virus this year and beyond, with low-income countries and emerging markets suffering more which is a contrast to 2009. While, the global economy is expected to recover to its pre-pandemic level of output in 2022, the emerging-market and developing economies are expected to take until 2023 to recover to the pre-pandemic level. Policy rates in the United States, Eurozone, United Kingdom, and Japan will remain near zero, well beyond 2021. Emerging market and developing economies may take until 2023 to recover to the pre-pandemic level. Divergent recovery paths are likely to create wider gaps in living standards across countries compared to pre-pandemic expectations.

## 2.3 INDIAN ECONOMY

India witnessed a gradual resumption of economic activity from Q2FY2021. The initial recovery was driven by government spending on infrastructure, exports and rural economy. The recovery gained momentum since August 2020 with pickup in consumption demand driven by festive buying and return of urban consumption. However, the growth projections for FY 2021-22 have been revised to be below 11% due to the acute resurgence of the virus in the country, as

many cities and states went into lockdown. While the growth will depend upon the trajectory of the pandemic, the overall impact on the economy is expected to be less severe than last year.

India is expected to witness a full economic recovery in H2FY2022 driven by (a) ongoing vaccination supporting the current recovery momentum; (b) restart of investment cycle with significant spending on infrastructure and (c) continued recovery in consumption supported by urban demand, accentuated by work-from-home and preferences for personal mobility along with rising rural income and affordability. However, normal growth levels would be seen in FY 2022-23 only, provided no further economic disruption occurs and success of the ongoing vaccination drive.

**23.4 % ↓**  
**01 FY 2020-21 Decline in GDP**

**7.3% ↓**  
**FY 2020-21 GDP**

## EFFORTS CARRIED OUT TO REVIVE ECONOMIC GROWTH

The government's mega push for commodity intensive infrastructure development projects helped boost demand for manufacturing and commodities such as steel and cement, even as services remained muted. A pro-growth Union Budget with a ₹5 trillion capex lifted sentiments and the ₹110 trillion National Infrastructure Pipeline (NIP), announced earlier, is expected to support gross fixed capital formation. In early October 2020, the Centre also announced ₹12,000 crore interest-free, 50-year tenor loans to states for spending on capital projects, aimed at boosting the respective local economies.

### ₹5 trillion

Capex announced in Union Budget 2021-22

India's increasing prominence as a manufacturing and investment destination is validated by rising competitiveness, ease of doing business, and

decisive policy action. Therefore, India is well placed to benefit from the realignment of global supply chains and 'China+1' sourcing approach of MNCs looking at cost, safety, and long-term stability, as evidenced in multiple sectors ranging from chemicals, pharmaceuticals and even electronics and mobile phone manufacturing.

By all estimates, India was on the course to becoming the only major economy to register double digit growth in FY 2021-22 when the brutal second wave hit. The severity and scale of the infections are a definite risk to growth. However, compared to the previous year, infrastructure and construction activities are better insulated, and the economy has the potential to bounce back. The rapidly increasing pace of vaccinations and availability of multiple vaccines are likely to aid a broad-based recovery.

### **GOVERNMENT MEASURES TO BOOST ECONOMY DURING THE TIMES OF COVID-19 PANDEMIC**

By the end of March 2020, all of India was under a near total lockdown as the government prioritised a strategy to reduce the spread of the virus. This had a domino effect on most industries, but nowhere was the impact more pronounced than on unorganised labour, earn-and pay citizens, MSMEs without a strong safety net, and industries such as travel and tourism, along with their ancillaries and affiliates.

The government swung into action to provide relief to the vulnerable sections and take some sting out of the pandemic's impact on the nation's economic engine. The RBI played an important role in complementing the government efforts. It adopted an expansive monetary policy and aimed at injecting liquidity into the system while announcing a series of rate cuts as part of its 'accommodative stance' on interest rates. The government and the RBI worked together to provide a moratorium on loan repayments and stressed-asset classifications, which protected

lenders and borrowers alike. Subsequently, the Finance Ministry launched the Emergency Credit Line Guarantee Scheme (ECLGS), designed to provide higher levels of borrowing capacity, at controlled interest rates, to further support the MSME sector. Such schemes have begun to demonstrate results and have aided many businesses and individuals to come back on their feet. There were many other tactical measures such as relaxation on compliance, reduction of withholding tax rates to boost cash flow, increased focus on tax refunds, and direct benefits transfer to name a few.

The Government of India announced Production Linked Incentives (PLI) schemes across ten key sectors in March 2020. The scheme, aims to boost domestic manufacturing under the government's Atmanirbhar Bharat initiative. Key Sectors are Namely Mobile Manufacturing and Specified Electronic Components, Pharmaceuticals drugs, Drug Intermediaries and Active Pharmaceutical Ingredients, Manufacturing of Medical Devices, Electronic or technology products, Telecom & networking products, food products, High efficiency solar PV modules, White goods (ACs & LEDs), Automobiles & Auto Components, Advance Chemistry cell (ACC) Battery, Textile Products, Speciality Steel.

In the Union Budget 2021-22, presented on February 01, 2021, the finance minister announced an outlay of ₹1.97 lakh crore for PLI Schemes for 13 key sectors, to create national manufacturing champions and generate employment opportunities for the country's youth.

The scheme aims to provide incentives to companies for enhancing their domestic manufacturing. Further, focusing on reducing import bills and improving the cost competitiveness of local goods. The scheme also offers Incentives on incremental sales for products manufactured in India.



Aimed at increasing manufacturing GVA from the current 16.5% and reducing import dependence, the PLI scheme is expected to unlock over US\$ 520 billion of additional output in the short-to-medium term. It is also expected to trickle down to create significant employment and growth prospects and boost MSMEs that have forward linkages with manufacturers under PLI.

**96%**

**Pre-pandemic activity restored by January 2021 in normal GDP terms**

### INDIAN ECONOMIC OUTLOOK

India has bounced back strongly and much better than several other economies. The IMF pegs India's real GDP growth at 12.5% in FY 2021-22, as the vaccine rollout accelerates, and economic activities continue to normalise. The economic and business sentiment has substantially improved, and investor sentiment is robust. Oil prices are on a rise, and commodity prices are seeing significant highs. The recovery in the automotive sector, notably in two wheelers and passenger vehicles, has been better than anticipated.

**12.5% ↑**

**India's projected real GDP growth in FY 2021-22**

Going forward, the economic scenario can be expected to be driven by pent-up positive savings, rapid vaccine deployment, expanding stimulus, low interest rates, dollar weakness, accommodative monetary policy and commodity-intensive public expenditure. That said, the pandemic scenario remains fluid, with the second wave of infections igniting concerns. The possibility of stretched lockdowns and associated disruptions are likely to keep the economy on tenterhooks, at least in the near-term.

### SCAN STEELS VIEW:

From an organisational standpoint, SSL views FY 2020-21 as a year of India's resilience. Despite recording significant contraction due to pandemic

induced challenges. The Indian economy registered a sharp rebound. As the unlocking began. Demand started picking up. This was even more pronounced in the latter half of the year as the discovery and rollout of vaccines commenced.

The Government and the central Bank played a proactive role in stabilising the economy and ensuring adequate liquidity in the system which helped improve settlement. With a focus on kickstarting the economic growth engines and providing a boost to domestic manufacturing.

Scan steels stand strong with India and the world in the wake of the COVID-19 outbreak and is actively contributing to relief efforts in its possible ways. While the disruptions in the economy and supply chains have temporarily dented the Company's performance, the Management has engaged a Business Continuity Plan that guides operations and ensures productivity, across the organisation. On the economic front, the '**Atma Nirbhar Bharat Abhiyan**' will help boost economy and small business as well as create domestic demand.

## 3. STEEL INDUSTRY

### 3.1 GLOBAL STEEL INDUSTRY

Disruption on both demand and supply resulted in global steel demand in 2020 to fall by 0.2% against a growth of 3.7% in 2019. The total demand in 2020 was 1,772 MnT against 1,775 MnT in 2019. The impact of COVID-19 has been much more benign for the steel industry due to resurgent demand in China and better than expected post lockdown recovery globally in second half of 2020. China and Turkey were two key countries that saw an increase in finished steel demand of 9% and 13% respectively in 2020. North America and the European Union ('EU') have experienced strong decline in steel demand owing to the COVID-19 pandemic. Both regions experienced demand decline of around 11%-16%. India also contributed to global decline, as

steel consumption in India declined by 13.7% to 88.5 MnT in 2020 against 102.6 MnT in 2019.

### 33 MnT

#### Supply gap created owing to curb of Chinese exports in 2020

Up to 30% of global steelmaking capacity (excluding China) was idled or production at steel mills significantly reduced in response to a pandemic-induced drop in demand. However, the recovery in automotive production and white goods manufacturing was quicker than expected when the strictest lockdown measures were lifted. The construction sector was less affected, as it was supported by government stimulus schemes in many regions. As a result, steel prices rallied in all regions in late 2020.

To meet global energy and climate goals, emissions from the steel industry must fall by at least 60% by 2050\*

**37%\***

**Composition of recycled steel in new products on average**

**650 MnT\***

**Steel recycled every year**

\*Source: Iron and steel technology roadmap, international Energy Agency.

### 3.2 OUTLOOK

Steel demand is expected to be strong due to recovery in manufacturing businesses around the world and global fiscal stimulus supporting infrastructure projects. The outlook for 2021 is expected to be positive because of the unprecedented fiscal stimulus provided by the governments across Europe, the US, Japan, Korea, Russia and China. These stimulus packages are expected to spur growth in these nation's respective infrastructure sectors, boosting steel demand. China is expected to grow by 5% in 2021 with continuation of healthy demand conditions especially in the first half of 2021. Steel demand in key emerging economies (like India, Turkey) and Europe is expected to witness double digit

recovery while Asia and Middle-East are likely to grow by 5%.

While it is expected that steel prices will consolidate closer to historical levels, prices are likely to remain high supported by (i) strong iron ore prices, (ii) rebound in coking coal prices, (iii) positive impact from stimulus plans, and (iv) improved business confidence from the roll-out of vaccines. Strong rebound of demand in 2021, in addition to supply-side reforms in China could lead to higher steel prices globally.

**1874 MnT**

**5.8% y-o-y**

#### Expected global steel demand in CY 2021

Political and geopolitical developments, such as a reduction in government stimulus programmes, policies to cut emissions and trade wars, could increase pressure on the steel sector.

### 3.3 INDIAN STEEL INDUSTRY

While the initial quarter of the fiscal proved to be unprecedented slowdown with the consecutive lockdowns, the rest of the year witnessed a high-powered demand revival in consumption industries such as automobiles. Demand for appliances improved due to the large-scale shift towards work-from-home, and construction activity picked up with government expenditure. This mirrored the global scenario, as demand picked up after liquidity was pumped into the economy together with a flurry of infrastructure project announcements.

In Q1 FY 2020-21, the steel mills faced shortage of labour, supply chain disruptions and truncated utilisation levels, besides a plummeting of demand. As a result, in the first half, the industry cumulatively produced 43.63 MnT of crude steel, 21% lower compared to H1 FY2020-21. However, the industry did well to increase its exports during this period, in order to offset the soft domestic demand. Nevertheless, as the year progressed, the economy started to gradually open up and

the pent-up demand started to materialise, which augured well for the steel segment.

India's steel industry has also suffered the production loss due to lockdown last year and recovered gradually since then, initially driven by export followed by gradual recovery in domestic demand. Strong rebound in manufacturing and infrastructure development activity has led to a sharp rise in both production and consumption of steel in India. In 2021, India's steel demand is expected to grow by 20% over 2020, taking the demand higher than the pre-pandemic level of 103 MnT, driven by strong infrastructure spending and sustained demand of automotive and consumer durables.

The Indian steel industry is seeing large-scale consolidation, and this presents a conducive operating environment for existing players. Post 2015, investment in the steel sector had hit a roadblock owing to Chinese dumping, which challenged the pricing environment. This led the installed steel capacity to stagnate at about 140 MnT. Currently, the industry operates at ~80% of this capacity. To meet the potential demand, the country has only around 10-15 MnT left for utilisation. Upstream and downstream domestic capacity expansion is thus critical for the industry's growth and to support the country's rapidly increasing steel demand and consumption.

**The key opportunities boosting the steel demand are as follows:**

- Government's focus on strengthening the domestic manufacturing base under the flagship "Atmanirbhar Bharat" programme. The Production Linked Incentive scheme has been introduced to boost the manufacturing sector in industries like automobile & auto components, consumer durables, solar equipment, telecom, etc. These are expected to boost steel consumption.
- Government has announced an investment

of over ₹1 trillion in infrastructure over the next 5 years. This would be a key growth driver not only for steel industry but will also be a multiplier of growth across the sectors, boosting steel demand from sectors such as transportation, real estate and infrastructure.

- Emergence of new trends after COVID-19 such as work from home, preference to physical distancing would create additional demand for furniture, personal mobility, etc. In addition, the rise in e-commerce activity will support the growth of warehousing and light commercial vehicles.

**However, the downside to these opportunities are as follows:**

- Resurgence of infections leading to fresh lockdowns, both localised as well as regional / national level resulting in disruption in economic activity.
- Heavy dependence of agriculture sector on monsoon. In last 2 years, a normal monsoon has supported the growth in agriculture sector.
- Slower recovery in contact-based services, which is an integral part of Indian economy and affects lives & livelihood of service sector.

**OUTLOOK**

The future of the Indian steel industry appears encouraging. Indian steel consumption stood at 94.14 MnT at the end of FY 2020-21, down 6% y-o-y. In FY 2021-22, the demand is expected to touch 110 MnT, presenting an incremental requirement of 16 MnT over that of last year. The revival and expected growth will be a function of public expenditure on infrastructure, which majorly drives incremental demand. In addition, end-user industries such as automobiles, engineering, piping and packaging are also seeing an uptick. Demand for commercial vehicles is also slated to go up. Together, they will enable the industry to pick up where they left off before COVID-19 struck.

The Union Budget 2021-22 has outlined a strong focus on infrastructure development (a 34.5% improvement over the last Budget's estimates) giving significant impetus to steel as an industry. The Budget also announced several initiatives such as affordable housing, expansion of road and railway networks, development of domestic shipbuilding industry and opening up of the defence sector for private participation, all of which are expected to create massive demand for steel in the country. The finance minister in her budget proposal, also mentioned the reduction of customs duty uniformly to 7.5% on semis, flat, and long products of non-alloy, alloy and stainless steel. To provide relief to metal recyclers — mostly MSMEs — duty on steel scrap is exempted until March 31, 2022. The Centre has also removed antidumping and countervailing duties levied on certain steel products until September 30, 2021.

### 110 MnT

**Expected domestic steel demand  
In FY 2021-22**

**7.5% ↓**

**Customs duty reduction  
on semis, flat & long  
products of non-alloy &  
stainless steel.**

## OPPORTUNITIES AND THREATS

The pandemic has disrupted traditional business models, creating new opportunities and business models that embed sustainability. With India's continued infrastructure push and low per capital steel consumption, demand for steel is likely to increase significantly going forward. At Scan Steels, we continuously evaluate the evolving trends and respond proactively to capitalise on the emerging opportunities.

Demand for residential, commercial and retail real estate is rising throughout India, accompanied by increased demand for hotel accommodation and improved infrastructure. The Indian economy is likely to become the third largest economy by 2030, and the steel industry will play a pivotal role in this growth journey.

With large raw material reserves, strong base of technically skilled manpower and one of the fastest growing markets in the world, India has definite structural advantages for a successful steel industry. The National Steel Policy 2017 seeks to create a globally competitive steel industry in India with 300 million tonne steelmaking capacity and 158 kg per capita steel consumption by FY 2030-31. The growth in demand will come from traditional, as well as emerging consuming sectors focussing on changing needs of customers. Government-led investment in infrastructure, rapid urbanisation, rising preference for personal mobility, growth in capital goods sector, and government focus on making India 'Aatmanirbhar' are expected to stimulate steel demand in India. The acceleration of the rural economy is also emerging as a potential demand driver for steel. The Government has taken an objective of increasing rural per capita consumption of steel from current 19.6 kg to 38 kg by FY 2030-31. Opportunities abound in growing economies and opening of economy in India has created opportunities for India enterprise to move beyond national boundaries as well to create productive assets. Presently, the Company is consolidating its gains out of creating additional production capabilities.

While climate change is a key risk for a 'hard to abate' sector such as steel, it also provides an opportunity to take a leadership role in the steel industry by reducing our environmental footprint.

Evolving consumer needs and growing focus on sustainability will require innovation in process, product, and business models supported by a strong technology management process. Organisations can create a differentiated position by focussing on creating the technology of tomorrow. Scan steels aspires to achieve this goal by leveraging in-house potential and The Innovent team focusses on consumer in innovation through a deep understanding of their emerging needs.



Growing urbanisation will see demand for steel focussed on modularisation, amenable to the fast pace of construction and better aesthetics. In addition, with changing demographics and higher affordability, the nature of steel consumption in sectors such as automobiles, white goods and other consumer goods is fast evolving. Along with new products, there is a focus towards providing higher convenience. A culture of customer-obsession and providing customers with the best products and experience will enable our company to be the supplier of choice for discerning customers.

### STRENGTH

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

- ❖ DRI Unit
- ❖ Induction Furnace with Concast
- ❖ Steel Melting Shop
- ❖ TMT Rolling Mills
- ❖ Captive Power Plant
- ❖ Coal Washery

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

### RISK AND CONCERNS

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

the exception of certain primary concerns that have afflicted the progress of our industry in general, like:

- shortage of Labour
- rising manpower and material costs,
- Approvals and procedural difficulties.
- Lack of adequate sources of finance.
- Impact created by COVID-19 Pandemic in the First Half of the F.Y 20-21

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

Risk Management Committee (‘RMC’) of the Board provides oversight and sets the tone for implementing the Risk Management framework across the organisation.

The risk appetite of the organisation is aligned to the SSL Vision. Risk Appetite is driven by the following:

- Health and safety of our employees and the communities in which we operate are our prime concern and our operating strategy is focused on the above objective
- All business decisions are aligned to the Scan Steels Code of Conduct
- Management actions are focused on continuous improvement
- Environment and Climate Change impacts are assessed on a continuous basis
- The long-term strategy of the Company is focused on generating profitable growth and sustainable cashflows that creates long-term stakeholder value

Risk Owners may accept risk exposure to their Annual and Long-term business plans, which after implementation of mitigation strategies, is aligned to our risk appetite.



The Company continues to be vigilant of the evolving pandemic situation to proactively manage risks, as they emerge in FY 2021-22. Health and safety of employees and the communities in the vicinity of our operations, continues to be the top-most priority for the Company, whilst simultaneously ensuring continuity of our business operations.

### **A detailed overview on the risk landscape and mitigation strategies**

#### **Macroeconomic Risks**

Overcapacity and oversupply in the global steel industry as well as increased levels of imports may adversely affect steel prices, impacting profitability.

**key mitigation strategies** Diversification of product portfolio, Development of alternate markets etc.

#### **Commodity Risk**

Raw materials (mainly coal and iron ore) are a significant contributor to the input cost in steelmaking. These commodities have global supply chains and their prices get impacted by various factors such as dynamic geopolitical landscape, supply-demand imbalance, weather patterns, policy interventions by governments in key sourcing/ consuming countries (especially China), etc. Our profitability can get significantly impacted due to the volatility in raw material prices.

**key mitigation strategies** Developing predictive analytics tool to have advance information on price direction so as to optimise buying decisions helps to curtail the Risk. The captive/ domestic raw materials provide another avenue to guard against volatility as they have relatively stable cost/price. Scan steels has undertaken risk assessment to assess the capability of key vendors. We proactively engage on assessing the risk of single geography sourcing and mitigations have been put in place to diversify sourcing and/ or find alternate materials.

#### **Regulatory Risks**

Our operations are governed by various statutes encompassing law and regulations for environment and climate change, trade measures, competition, taxes, mining and others. Any deviation in compliance and adherence has the potential to not only impact our operating performance but also dent our reputation. The continuously evolving regulatory scenario, resulting in changes of the statutory provisions and introduction of newer ones, make compliance more complex. Non-compliance to increasing stringent regulatory environmental norms may result in liabilities.

**key mitigation strategies** We are continuously scanning the regulatory canvas to understand the changing statutes and their implications, that could influence our procurement decisions and market footprint, to protect and generate business value. Focus on compliance Dialogue with regulatory authorities for greater clarity and availing legal consultations for timely clearances, Working with industry associations towards simplification of rules, a predictive policy regime and transition time for regulatory changes. Employees are regularly sensitised about the need to comply and educated about the compliance requirements of the role.

#### **Operational Risks**

Steel industry is capital-intensive and maintenance of critical assets is vital. industry is also prone to high proportion of fixed costs and volatility in the prices of raw materials and energy. Limitations or disruptions in the supply of raw materials could adversely affect the Company's profitability. Failure of critical information systems/ servers that control the Company's manufacturing plants may adversely impact business operations. Conventional maintenance practices may be inadequate to deliver highest standards of equipment reliability leading to unplanned interruptions of operational processes

**key mitigation strategies** focus on formulation and execution of advanced maintenance practices to improve plant availability and reliability. Enhancing in-house capability and leveraging from past learnings and expertise, Establishing sources of supplies from alternate geographies. We remain vigilant of the evolving pandemic situation and have taken several measures towards employee health and safety while ensuring continuity of business operations

### Market Related Risks

Steel is a cyclical industry and excess volatility in the steel and raw material markets may adversely impact the Company's financial condition. Competition from substitute materials, or changes in manufacturing processes, may lead to a decline in product demand, resulting in loss of market share.

**key mitigation strategies** the only way to beat this cyclicity is by offering solutions. Development of value-added products and enhanced services and solutions Strengthening contractual agreements.

### Safety Risk

We operate across multiple manufacturing locations and are subject to various stringent safety laws and regulations. Non-adherence to process and workforce safety requirements, safety laws and regulations may impact business continuity and reputation. COVID-19 contagion poses risk to workforce health and safety, and may lead to business disruptions.

**key mitigation strategies** We have created a strong safety governance structure and established a robust safety management system. Safety trainings are conducted to meet the requirements of employees, contractors and other relevant stakeholders as a part of safety competency and capability enhancement initiative. Standard operating procedures, relevant during and post COVID-19 operating environment, have been developed and disseminated across

the organisation. Adherence to these is being implemented and monitored vigilantly to ensure safe workplace.

### Supply Chain Risk

The supply chain network is subjected to physical and environmental destructions, trade restrictions due to geopolitical tensions and disruptions at suppliers. The developing rail, road, port infrastructure, handling facilities and dependence on outsourced partners may lead to disruption of operations.

**key mitigation strategies** Scan Steels has a dedicated team focussed on managing its supply chain. We are continuously working towards diversification in sourcing and expanding our vendor base from other geographies to manage supply chain disruptions. Measures like logistics network optimisation, improving operational capacity at loading/unloading points and upgradation of existing facilities are being undertaken. We undertook several initiatives to mitigate supply chain disruption due to the pandemic. Licences were obtained to continue operations and minimise disruption in supply chain. Close coordination with trucking operators ensured smooth movement of raw materials and finished goods. We remain vigilant of the evolving pandemic situation as we closely monitor critical elements in our supply chain.

### Financial Risk

Such Risks are related specifically to the processes, techniques and instruments utilized to manage the finances of the enterprise, as well as those processes involved in sustaining effective financial relationships with customers and third parties. The market volatility on prices of raw material, finished products, foreign exchange fluctuations impact the financials of our industry and the business, Substantial amount of debt on the balance sheet may have an adverse impact on the Company's ability to raise finance at competitive rates. Also Changes in assumptions

underlying the carrying value of certain assets may result in the impairment of such assets. Lower than planned cashflow generation due to pandemic resurgence coupled with slow pace of vaccination may affect the targeted improvement in credit ratings.

**key mitigation strategies** would be to Maximising operational cashflow, Terming out debt and refinancing debt with favourable covenants, integration of business planning and cashflow projections with liquidity management. Business decisions were pivoted to achieve cash neutrality in operations by reducing spend, managing working capital and reducing capital expenditures. Despite the challenges posed by COVID-19, we have been able to maintain the liquidity position. The progressive unlocking of economy has supported faster than expected recovery in steel and allied sector and a stronger cash flow position for us. However, we are keeping a close watch on pandemic resurgence as it may adversely affect the pace of economic recovery.

Other than above there is are also few other risks like Information Security Risk, Climate Change Risk, Community Risk etc. focused and tackled by the company.

#### **Post COVID -19 Risk**

Covid 19 pandemic impacted revenue of the Company and most of the manufacturing facilities of the Company were disrupted during the first Quarter of the Current Year, also, COVID-19 induced restrictions may affect demand and supply chains thereby impacting sales. Steel demand is also affected by trade barriers and protectionist policies. Fast-paced technological changes and shifting customer preferences may necessitate adoption of newer grades of steel and/or alternate materials. impact of the pandemic may move either side depending on the normalization of business and demand of products which will in turn affect the profit margin to the extent loss of its revenue.

#### **key mitigation strategies**

As domestic steel demand plunged due to COVID-19 induced lockdowns in Q1FY2021, sales were Disrupted. the Company continued to incur its revenue and fixed expenses during the Lock down period with the available resources with minimum capacity utilization and ability to maintain operations as the Company did not face any migrant labour issues because most of the Labours are from local areas/villages. Also, company has tried to maintain the liquidity position in spite of the negative impact due to fund flow stalled. The implementation of unlock measures in June 2020, resulted in faster than expected recovery for steel-intensive sectors. Initially the focus was on sales in non-containment zones and subsequently in improving domestic availability. With the improvement in demand for steel, the realisations improved sharply. We remain vigilant of the evolving pandemic situation and its impact on steel-intensive sectors.

In our endeavour to enhance footprint in India, we have built a diversified portfolio of product offerings for customers from a range of industries to counter slowdown in any one sector, region or segment. Dedicated marketing and sales teams service customers and build deep customer engagement by customising products, improving reliability and providing value added services. We have invested in building a strong marketing franchise with well-regarded brand and a large network of dealers and retailers across the country. This helps in increasing the stickiness of sales and reducing the exposure to business cycles.

#### **Other key mitigation strategies**

Apart from this there could be an oversupply position due to capacity expansion and setting up new projects in the steel industry and scarcity of raw material. Industry is highly labour intensive and is subject to stringent labour laws. Your Company has identified the major thrust areas

to concentrate on, which it believes to be critical to achievement of organizational goals. Company annually reviews the 'List of Risk Area' to identify potential business threats and suitable corrective actions are initiated. Confirmations of compliance with appropriate statutory requirements are obtained from the respective units/divisions. Corporate Governance Policy clearly laying down roles, duties and responsibilities of various entities in relation to risk management is in place.

### **MEDIUM - TERM AND LONG TERM STRATEGY**

Our strategy planning process is influenced by the Vision, Mission and Values of the organisation, along with the strategic direction provided by the Senior Leadership Team. As part of the process, we examine both external and internal business environment and factor in potential risks and opportunities that could disrupt the industry. Materiality assessment provides insights to the changing needs of all our stakeholders. Our long-term strategies and annual business plans are formulated as an outcome of the integrated strategy planning process. The overall strategy and plans are cascaded down to individual divisions/ departments with clearly defined responsibilities across all employee levels.

The Company focuses on the following strategy to make its competitive position and progress of the company:

- 1) In-house research, reports of specialized agencies and interactions with all concerned to help track macro environment.
- 2) Internal meetings ensure multi-disciplinary stress testing and regular tracking of assumptions to proactively respond, due diligence review before dealing with uncertainties.
- 3) Compliance with norms through selecting right equipment, processes, competencies, inputs and Security arrangements like access monitoring system, vigilance, mock drills.

- 4) Executive committee & other unit/functional meetings closely monitor operational plans; cost optimization, inventory, collections & vendor credit Initiatives have been taken up.

### **As a response to the COVID-19-related impact, the Company is strategically focusing on:**

- › Targeted cost-saving measures to recalibrate the cost base across all areas of operations and leveraging technology and digitalisation to drive value
- › Conservation and broadening of additional line of liquidity
- › Renewed thrust on technology and innovation to drive efficiencies

### **SEGMENT WISE PERFORMANCE:**

The Company is engaged in only one segment viz. Steel Manufacturing and as such there is no separate reportable segments as per IND AS -108 "Operating Segment."

### **PRODUCTS AND MARKET PERFORMANCE**

It is imperative that we keep pace with the growing needs of our customers, primarily those in the Automotive and Construction sectors. We aim to deliver enhanced benefits through customised services and solutions and value-added products throughout the customer's purchase journey.

### **A SNAPSHOT**

Scan Steels recorded steel production for FY 2020-21 at 1,30,415 MT. Besides this, the company has also produced 1,82,173 MT intermediary steels (i.e., Sponge Iron) in the FY 2020-21.

### **1. PRODUCT HIGHLIGHTS**

#### **1.1 LONGS**

##### **Volume**

Long products are comprised of almost 68.83% of product portfolio (in terms of sales value) in FY 2021. Long products are manufactured at Rambahal unit.



## Sector

Long Product in India is largely consumed by Construction & Infra and Industrial & Engineering sector. The volume movement was better in FY 2020-21 as compared to corresponding last fiscal.

## 2. OPERATIONAL REVIEW

The company is engaged in the manufacturing of TMT Rod, Sponge Iron, MS Billets/ Ingots and also generating power for captive consumption. The Company has Semi Automatic Rolling Mill.

### 2.1 Facilities: -

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

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

**Unit -2** is situated at Gangajal, Budhakata, Sundergarh, Odisha with the facilities of Sponge Iron- 4, SMS Billet Caster -3, Captive Power Plant - 1 and Coal Washery -1.

**Unit-3** is situated at Bai-bai, Tudalaga, Sundergarh, Odisha with the facilities of Induction Furnace - 2.

## 3 FINANCIAL PERFORMANCE

### Highlights FY 2020-21

|  | 2020-21 | 2019-20 | Growth (%) |
|--|---------|---------|------------|
| Gross Turnover & Other income          | 736.46  | 668.54  | 10.16      |
| Operating EBIDTA                       | 68.31   | 38.03   | 79.62      |
| EBIDTA margin (%)                      | 9.34%   | 5.69%   |            |
| Depreciation and amortization expenses | 13.98   | 12.60   | 10.95      |
| Interest Cost                          | 10.87   | 14.93   | (27.19)    |
| Profit before Exceptional Items        | 48.34   | 13.22   | 265.66     |
| Exceptional Items                      | -       | -       |            |
| PAT                                    | 30.75   | 0.32    | 9509.38    |
| Earnings per shares (diluted)          | 5.87    | 0.06    | 9683.33    |

Note: The figures are in bracket shows negative

**Unit-4** is situated at Vill- Veniveerapura, Bellary, Karnataka with the facilities of Sponge Iron 2.

### 2.2 Overview

Scan Steels is an Integrated Steel Plant. It manufactures TMT Bars to fulfill the requirement of the state. It is a local brand in Odisha.

### 2.3 Turn Over: -

Gross Turnover including other incomes for the year 2021 was stood at ₹736.46 Crores which was around 10% upward side in comparison to fiscal 2020. The sales robust caused due to the better price realization per MT of finished steel sold irrespective of the increased iron ore price which is the major raw material. Your company continues with its focus on quality and strength of its products. Your Company has initiated steps to explore new markets in addition to developing existing ones.

### 2.3 Quality: -

Your Company continues to concentrate on quality, the strict adherence to this policy continuing to benefit your company in price realizations.



**Other key Financial Indicators:**

| SL. NO. | RATIOS                             | 2020-21 | 2019-20 | CHANGE | %CHANGE |
|---------|------------------------------------|---------|---------|--------|---------|
| 1       | Debtors Turnover (No. Of days)*    | 13      | 17      | 4      | 23.53   |
| 2       | Inventory Turnover (No. Of Days)** | 64      | 69      | 5      | 7.25    |
| 3       | Interest Coverage Ratio ***        | 6.59    | 2.55    | 4.04   | 158.43  |
| 4       | Current Ratio ^                    | 1.77    | 1.34    | 0.43   | 32.09   |
| 5       | Debt -Equity Ratio                 | 0.24    | 0.27    | 0.03   | 11.11   |
| 6       | Operating EBITDA (Margin %) #      | 9.34    | 5.69    | 3.65   | 64.15   |
| 7       | Net Profit Margin (%) \$           | 4.20    | 0.05    | 4.15   | 8300    |
| 8       | Return on Networth (%) \$          | 10.24   | 0.12    | 10.12  | 8433    |

**Note:**

\* Collection period is prompt to maintain the liquidity of the company

\*\* Inventory turnover days reduced to 64 days due to better working capital management

\*\*\* Interest Coverage Ratio has increased to 6.59 times due to better profitability

^ Current Ratio is improved due to increased current assets and

Debt-Equity ratio improved due to timely repayment of Term Loans

# operating EBITDA margin is higher due to better price realization of steel across the finished steel segment

\$ Net Profit & Return on Net worth is higher due to higher profitability

**4. OPERATIONAL PERFORMANCE**
**4.1 PRODUCT WISE GROSS SALES:**

Breakup (₹ in crores)

| PRODUCT     | 2020-21 | 2019-20 | % CHANGE |
|-------------|---------|---------|----------|
| TMT REBARS  | 503.88  | 422.47  | 19.27    |
| SPONGE IRON | 131.60  | 114.12  | 15.32    |

**4.2 PRODUCT WISE SALES QUANTITY:**

Breakup (Qty in MT)

| PRODUCT     | 2020-21  | 2019-20  | % CHANGE |
|-------------|----------|----------|----------|
| TMT REBARS  | 1,32,673 | 1,24,012 | 6.98     |
| SPONGE IRON | 65,667   | 65,710   | (0.07)   |

In the financial year 2020-21, the company's TMT Rebar turnover improved by 19.27% whereas quantity movement of the same product stood at 6.98% higher than FY 2019-20, showing higher realisation price per MT of TMT sale. The sponge iron sales quantity is farm and almost equal for both the years. But the sales turnover of sponge iron increased by 15.32% due to higher realisation price of per MT of sponge iron.

## FINANCIAL MANAGEMENT

Senior management reviews the requirement of funds for projects under implementation periodically and after assessing the financial market, decisions are taken to identify the lenders. A part of fund requirement is arranged by way of borrowing from Banks on competitive terms and balance is met from internal accruals.

Finance department is working at Bhubaneswar & Factory establishment and is manned by qualified and experienced personnel. The department properly records all financial transactions and proper financial reports are periodically sent to the senior management. Proper controls are in place and audit is conducted regularly.

## INDUSTRIAL RELATIONS AND HUMAN MANAGEMENT

The total no. of employees as on 31.03.2021 was 1721. Human Resources Department (HRD) works continuously for maintaining healthy working relationship with the workers and other staff members. The Company has adopted a progressive policy for helping employees to develop their organizational skills, knowledge and abilities to achieve efficiency. To enable the organisation to attain its full potential, it is imperative for us to create and maintain an ideal work culture thus creating an engaged and skilled workforce capable of delivering on the commitments to our stakeholders and in the process, making us 'Future Ready'- structurally, financially and culturally. Training programmes are regularly conducted to update their skills and apprise them of latest techniques. Senior management is easily accessible for counseling and redressal of grievances. The HR department continuously strives to maintain and promote harmony and co-ordination among workers, staff and members of the senior management. Social awareness and cultural/sports programmes are arranged regularly to create interest in living a meaningful life and release tensions.

## EFFECT OF COVID 19 PANDEMIC ON THE COMPANY

The outbreak of COVID-19 has impacted the

economy and businesses not only in India, but all over the World. The rapid spread of the infection amongst the Indian population, forced Government of India to announce the imposition of nation-wide lockdown from March 25, 2020. This brought all logistics, businesses establishments and industries to a grinding halt except where the government had notified that essential services and process industries where the continuous operations of the plant facilities are important (including Integrated steel plants), are exempt from the lockdown measures and can continue to operate subject to the hygiene standards and social distancing norms being followed. However, the crisis of the pandemic continued throughout the year under review. In current phase the crisis has become severe with the onset of second wave of the pandemic.

The Company adopted safety and hygiene standards at shop floor and offices and implemented social distancing norms, work from home, workforce deployment plan, staggered shift timing for safety of the employees. The Company has instantly moved all essential activities to digital platform.

The revenue of the Company has been impacted and the most of the manufacturing facilities of the Company were disrupted during the First half of this year whereas the company continued to incurring its revenue and fixed expenses as well. However, the domestic steel demand improved from the second half with favourable policies, increased government spending and relaxed movement norms. We managed to deliver broad-based, market leading volume growth supported by our agile business model.

The Company is not facing any migrant labour issues as most of the labours are from local areas/villages. Our domestic dispatches in few territories have resumed. However, it is expected to improve gradually as and when markets are fully opened and logistics are improved in due course of time.

The Company's robust digital initiatives have enabled compliance of the internal financial

controls and reporting of the Company. The Company has been fulfilling its legal obligations as required for execution of the existing contracts / agreements, so there is no effect of the lockdown on the business. Outflows are monitored to have it minimised by cutting down on non-essential expenditure, renegotiating payment terms with vendors, improving working capital management and reducing capex.

Company is engaged in manufacturing of the basic essential TMT Rod product and demand for the same is expected to increase gradually with lockdown relaxations and measures to be taken to curb COVID 19 Impact in future.

### **INTERNAL FINANCIAL CONTROL SYSTEMS AND INTERNAL AUDIT**

The Company has an Internal Financial Controls ('IFC') framework, commensurate with the size, scale, and complexity of the Company's operations. The Board of Directors of the Company is responsible for ensuring that IFC have been laid down by the Company and that such controls are adequate and operating effectively. The Audit Committee regularly reviews audit plans, significant audit findings, adequacy of internal controls, and compliance with accounting standards and so on. The internal control framework has been designed to provide reasonable assurance with respect to recording and providing reliable financial and operational information, complying with applicable laws, safeguarding assets from unauthorised use, executing transactions with proper authorisation and ensuring compliance with corporate policies. The Company's internal financial control framework is commensurate with the size and operations of the business and is in line with requirements of the Companies Act, 2013.

The Company believes in systematic working and placing of proper checks. Proper systems are in place and regular reviews are held at higher levels to check efficacy and relevance of these systems. These reviews also prescribe changes wherever required. The Company has laid down Standard Operating Procedures and policies to guide the

operations of each of its functions. Business heads are responsible to ensure compliance with these policies and procedures. Robust and continuous internal monitoring mechanisms ensure timely identification of risks and issues. The internal auditors of the company conducts audit of various department and areas. Their reports are placed before the Audit Committee, which reviews these reports and comments/suggestions of the Internal Auditors. The Audit Committee also oversees financial systems/procedures and internal controls and is competent to call for any information/document from any department. The management, statutory auditors and internal auditors have also carried out adequate due diligence of the control environment of the Company through rigorous testing.

The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee. The Internal Audit team develops an annual audit plan based on the risk profile of the business activities. The Internal Audit plan is approved by the Audit Committee, which also reviews compliance to the plan. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control systems in the Company, its compliance with operating systems, accounting procedures, and policies at all locations of the Company.

Based on the report of internal audit function, process owners undertake corrective action(s) in their respective area(s) and thereby strengthen the controls.

Significant audit observations and corrective action(s) thereon are presented to the Audit Committee. The Audit Committee at its meetings, reviews the reports submitted by the Internal Auditor. Also, the Audit Committee at frequent intervals has independent sessions with the statutory auditor and the Management to discuss the adequacy and effectiveness of internal financial controls.

### STATUTORY COMPLIANCE:

The Company has in place adequate systems and processes to ensure that it is in compliance with all applicable laws. The Company Secretary is responsible for implementing the systems and processes for monitoring compliance with the applicable laws and for ensuring that the systems and processes are operating effectively. The Chief Financial Officer, places Certificate before the Board, at each meeting where the Financial Results are approved about the Fairness of the Data the Company Secretary also confirms compliance with Company law, SEBI Regulations and other corporate laws applicable to the Company.

### CORE VALUES AND CULTURE:

Corporate success is based on certain core values and corporate culture developed by the Company. Underlying this is a firm belief that teamwork and motivation rooted in fairness are the key to success in business. The group sets benchmarks for itself in these areas and strives to achieve them, believing in seeking the active participation of everyone in decision-making rather than relying on the imposition of central diktats. Quality, productivity and optimal utilization of resources, human and materials, woven around the concept of the welfare of the community as a whole is central to the management's philosophy.

### RESEARCH AND DEVELOPMENT A PRIORITY:

A research and development focus has provided strong scientific support to the group's quantitative growth with continuing enhancement in the quality of the product. The research and development policy keeps the group's long-term interests in view and believes in anticipating the needs of

the future. It is committed to modernization and encourages it in every field.

### CAUTIONARY STATEMENT

This report contains projections, estimates, and expectations etc., which are just "forward-looking statements". Actual results could differ from those expressed or implied in this report. Important factors that may have an impact on the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets, changes in the Government regulations/policies, tax laws and other statutes and other incidental factors. The Company assumes no responsibility to publicly modify or revise any forward-looking statements on the basis of any further events or new information. Actual results may differ from those mentioned in the report.

### CONCLUSION

At Scan Steels, innovation and responsibility have been at the core of building a sustainable enterprise and exploring possibilities towards creating a better future. Whether by developing high-strength steel or offering new solutions for construction and mobility, we relentlessly focus on delivering products that are synonymous with quality and durability. We also deploy best available technologies and processes to drive resource efficiency and develop materials of the future which are superior, sustainable and affordable. we have focused on strengthening our balance sheet, upholding the highest standards in ethical and responsible business practices and striving towards a shared future of prosperity. In the recent Global crises, we stayed true to our core values and worked together with our stakeholders to embrace a new normal.

### FOR AND ON BEHALF OF THE BOARD

**Ankur Madaan**  
Whole- Time Director  
(DIN: 07002199)

**Praveen Patro**  
Director  
(DIN: 02469361)

Place: Bhubaneswar  
Date: 25th August, 2021



## CORPORATE GOVERNANCE REPORT

**(Pursuant to Regulation 34 (3) and Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended).**

In accordance with Regulation 34 and Schedule V read with compliance of Corporate Governance as contained in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), as amended the report containing the details of Corporate Governance systems and processes at Scan Steels Limited is as follows:

At Scan Steels Limited (SSL) Corporate Governance is all about maintaining a valuable relationship and trust with all stakeholders. We consider stakeholders as partners in our success, and we remain committed to maximizing stakeholder's value, be it shareholders, employees, suppliers, customers, investors, communities, or policy makers. This approach to value creation emanates from our belief that sound governance System, based on relationship and trust, is integral to creating enduring value for all. We have a defined policy framework for ethical conduct of business. We believe that any business conduct can be ethical only when it rests on the six core values of Customer Value, Ownership Mindset, Respect, Integrity, One Team and Excellence.

### **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance refers to the set of systems, principles and processes by which a company is governed. The Company believes that good Corporate Governance practices should be enshrined in all activities of the Company. The Company strongly believes that Good Corporate Governance is a pre-requisite for enhancing shareholder value and its image in the prevailing competitive business scenario. Your Company affirms its commitment to follow good corporate governance practices proactively. The Company

has consistently sought to improve its focus by increasing transparency and accountability to all its stakeholders.

Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. Good governance practices stem from the dynamic culture and positive mindset of the organisation. We are committed to meet the aspirations of all our stakeholders. This is demonstrated in shareholder returns, high credit ratings, governance processes and an entrepreneurial performance focused work environment. Additionally, our customers have benefited from high quality products delivered at extremely competitive prices.

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability in the management's higher echelons. The demands of Corporate Governance require professionals to raise their competence and capability levels to meet the expectations in managing the enterprise and its resources effectively with the highest standards of ethics. It has thus become crucial to foster and sustain a culture that integrates all components of good governance by carefully balancing the complex inter-relationship among the Board of Directors, Audit Committee, Finance, Compliance and Assurance teams, Auditors and the senior management. Our employee satisfaction is reflected in the stability of our senior management, low attrition across various levels and substantially higher productivity.



Over the years, we have strengthened governance practices. These practices define the way business is conducted and value is generated. Stakeholders' interests are taken into account, before making any business decision.

We believe, Corporate Governance is not just a destination, but a journey to constantly improve sustainable value creation. It is an upward-moving target that we collectively strive towards achieving. Our multiple initiatives towards maintaining the highest standards of governance are detailed in the following pages.

The Corporate Governance framework of the Company is based on the following broad practices:

- a) Engaging a diverse and highly professional, experienced and competent Board of Directors, with versatile expertise in industry, finance, management and law;
- b) Deploying well defined governance structures that establishes checks and balances and delegates decision making to appropriate levels in the organisation;
- c) Adoption and implementation of fair, transparent and robust systems, processes, policies and procedures;
- d) Making high levels of disclosures for dissemination of corporate, financial and operational information to all its stakeholders;
- e) Having strong systems and processes to ensure full and timely compliance with all legal and regulatory requirements and zero tolerance for non-compliance.

#### **Appropriate Governance Structure with defined roles and responsibilities**

The Company has put in place an internal governance structure with defined roles and responsibilities of every constituent of the system. The Company's shareholders appoint the Board of Directors, which in turn governs the Company. The Board has established various Committees

to discharge its responsibilities in an effective manner. SSL's Company Secretary acts as the Secretary to all the Committees of the Board constituted under the Companies Act, 1956 / Companies Act, 2013. The Whole- Time Director (WTD) provides overall direction and guidance to the Board. Concurrently, the WTD is responsible for overall implementation. In the operations and functioning of the Company, the WTD is assisted by One Executive Director and a core group of senior level executives.

#### **Audits and internal checks and balances**

M/s. SRB & Associates, Chartered Accountants, audit firm audit the accounts of the Company. The Company has an Internal Audit Cell besides external firms, and M/s. C B A & Associates, Chartered Accountants, acting as independent internal auditors that review internal controls and operating systems and procedures. A dedicated Legal Compliance Cell ensures that the Company conducts its businesses with high standards of legal, statutory and regulatory compliances.

#### **Best Corporate Governance practices**

SSL maintains the highest standards of Corporate Governance. It is the Company's constant Endeavour to adopt the best Corporate Governance practices keeping in view the international codes of Corporate Governance and practices of well-known global companies.

Some of the best implemented global governance norms include the following:

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

- The Company also undergoes quarterly secretarial audit conducted by an independent company secretary who is in whole-time practice. The quarterly secretarial audit reports are placed before the Board and the annual secretarial audit report placed before the Board, is included in the Annual Report.
- Observance and adherence of the Secretarial Standards issued by the Institute of Company Secretaries of India.

### **Ethics/Governance Policies**

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

- Code of Conduct for Directors & Senior Management and Independent Directors of Scan Steels Limited
- Familiarisation Programme for Independent Directors (IDs)
- Performance Evaluation Policy of Directors of Scan Steels Limited
- Sexual Harassment Policy
- Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)
- Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives
- Policies and Procedural for inquiry in case

of leak of Unpublished Price Sensitive Information, or Suspected Leak of Unpublished Price Sensitive Information

- Vigil Mechanism and Whistle Blower Policy
- Policy on Materiality of Related Party Transactions and on Dealing with Related Party Transactions
- Policy of Internal Financial Control
- Policy on Disclosure of Material Events and Information
- Corporate Social Responsibility Policy
- Policy on Preservation of Documents & Archival of Documents on the Website.
- Risk Management Policy

Policy for Selection of Directors and determining Directors Independence is attached as Annexure 'C' and Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other Employees is attached as Annexure 'D' to the Board Report.

### **BOARD OF DIRECTORS:**

The Board of Directors is the apex body constituted by shareholders for overseeing the Company's overall functioning. The Board provides and evaluates the Company's strategic direction, management policies and their effectiveness, and ensures that shareholders' long-term interests are being served.

The Board of Directors (The Board) is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and has been vested with the requisite powers, authorities and duties. The management committee of the Company is headed by the Whole-Time Director and has functional heads as its members, which looks after the management of the day-to-day affairs of the Company.

### **Chairman of the Board**

Mr. Rajesh Gadodia, (DIN 00574465) has been appointed as non-executive chairman of the

board w.e.f. 24.05.2016 on the recommendation received from the Nomination and Remuneration Committee.

### **Responsibilities of the Chairman, and Whole-Time Director**

The Company has appointed a non-executive chairman of the Board (the Chairman) –Mr. Rajesh Gadodia, and a Whole- Time director Mr. Ankur Madaan w.e.f 24.05.2016.

### **The responsibilities and authority of these officials are as follows:**

The chairman is the leader of the Board. As Chairman, he is responsible for fostering and promoting the integrity of the board while nurturing a culture where the board works harmoniously for the long –term benefit of the Company and all its stakeholders. The Chairman is primarily responsible for ensuring that the Board provides effective governance to the Company. In doing so, the Chairman **presides** over meetings of the Board and of the shareholders of the Company.

The Chairman takes a lead role managing the Board and facilitating effective communication among directors. He is responsible for matters pertaining to governance, including the organization, composition and effectiveness of the Board and its committees, and the performance of individual directors in fulfilling their responsibilities. The chairman provides independent leadership of the Board, identifies guidelines for the conduct and performance of directors, and oversees the management of the Board's administrative activities such as meeting, schedules, agendas, communication and documentation.

The Chairman actively works with the nomination and remuneration committee to plan the Board and Board committees' composition, induct director to the Board, plan for director succession, participate in the Board effectiveness evaluation process and meet with individual directors to provide constructive feedback and advice.

The WTD is responsible for corporate strategy, brand equity, planning, external contacts and all matters related to the management of the company. He is also responsible for achieving annual and long-terms business targets.

### **Board Leadership**

A majority of the Board, 3 out of 6, are Independent Directors. At SSL, it is our belief that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. The Board's actions and decisions are aligned with the Company's best interests. It is committed to the goal of sustainably elevating the Company's value creation. The Company has defined guidelines and an established framework for the meetings of the Board and Board Committees.

These guidelines seek to systematize the decision-making process at the meeting of the Board and Board Committees in an informed and efficient manner.

The Board critically evaluates the Company's strategic direction, management policies and their effectiveness. The agenda for the Board reviews include strategic review from each of the Board committees, a detailed analysis and review of annual strategic and operating plans and capital allocation and budgets. Additionally, the Board reviews related party transactions, possible risks and risk mitigation measures, financial reports from the CFO and business reports from each of the sector heads. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

### **Composition**

The Board of Scan Steels Limited Comprises Executive and Non-Executive Directors. The Non-Executive Directors include Independent Directors and Non-Executive Chairman of the Company.

- (a) The Company has composition of Executive and Non-Executive Directors. **As on 31 March 2021**, the Board consisted of Six Directors. Out of which 3 (Three) directors is Non-Executive & Independent Directors which include one woman director (Mr. Vinay Goyal, Mr. Punit Kedia and Mrs. Debjani Sahu), (The number of Independent Directors is 3 which is in compliance with the stipulated one half of the total number of Directors.) One Executive Director (Mr. Praveen Kumar Patro) and one Whole-Time Director (Mr. Ankur Madaan) and The Non-Executive Chairman of the Company who is also the promoter of Company (Mr. Rajesh Gadodia). The composition of the board is in conformity with Reg. 17 of the SEBI (Listing Regulation), 2015 read with Section 149 of the Companies Act, 2013.

Further, between Year End date 31<sup>st</sup> March 2021 and the Date of Director Report, Mr. Vinay Goyal (DIN 07002206) Non-Executive Independent Director of the Company, on his resignation, ceased to be an Independent Director of the Company with effect from 05.06.2021 and Mr. Shравan Kumar Agrawal (DIN 09139761) was appointed as an additional director (Non-Executive Independent Director) of the Company w.e.f. 15<sup>th</sup> June, 2021 to hold the office till the conclusion of 28<sup>th</sup> Annual General Meeting and will be appointed as regular Independent Non-Executive Director for First Term of five consecutive years, subject to approval of members in the 28<sup>th</sup> Annual General Meeting.

- (b) None of the Directors on the Board are Members of more than ten Committees or Chairman of more than five Committees (as specified in Regulation 26 (1) of SEBI (LODR) Regulations) across all the Public Companies in which they are Directors. Necessary disclosures regarding Committee positions in other public Companies as on March 31,

2021 have been made by the Directors. None of the directors of the Company holds office as a director, including as an alternate director, in more than twenty companies or 7 listed companies at the same time. None of them has directorships in more than ten public limited companies. And none of the NEDs serve as IDs in more than Seven Listed Companies and none of the Executive or whole-time Directors serve as IDs on any listed company. No Director is related to any other Director on the Board in terms of the definition of "relative" as defined in Section 2(77) of the Companies Act, 2013.

- (c) The Company had no pecuniary relationship or transactions with the Non-Executive Directors during FY 2021. The Independent Directors are not related to promoters or persons occupying management positions at the Board level or any level below the Board; they were neither in employment for the last three years nor they are material suppliers, service providers, customers, a lessor, or a lessee of the Company, which may affect their independence. They do not hold substantial shares in the Company. All these directors are above 21 years of age, Board of the Company Confirmed that independent directors fulfill the conditions specified in Regulation 16(1)(b) of the SEBI (LODR) Regulations, 2015 read with Section 149(6) of Companies Act, 2013 and are independent of the management.
- (d) All Independent Directors are persons of eminence and bring a wide range of expertise and experience to the Board thereby ensuring the best interest of stakeholders and the Company. Independent directors are non executive directors as defined under Reg 16(1)(b) of SEBI (Listing Regulation), 2015 read with Section 149(6) of the Act along with rules framed thereunder. All Independent Directors meet with the criteria



of independence as prescribed both under sub-section (6) of Section 149 of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR**”). Maximum Tenure of Independent directors is in compliance with the Act. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties.

Further, the Independent Directors have declared that they have complied with Rule 6(1) & (2) of the companies (Appointment and Qualification of Directors) Rules, 2014 read with Amendment Rules from time to time.

- (e) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year (FY 2020-2021) and the number of Directorship and Committee Chairmanships/ Memberships held by them in other Companies are given herein below. Chairmanships/ Memberships of the Board Committees include only Audit and Stake Holders Relationship Committee.
- (f) The Information stipulated under Part A of Schedule II of SEBI (LODR Regulations) is being made available to the Board.

\*Details Regarding Appointment and Re-appointment of all the Board of Directors has been detailed in the Director’s Report.

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

\* Directorship includes only Indian Public Companies Whether Listed or not including Scan Steels Limited has been considered. (Scan Steels Ltd. Is the only Listed Co. where the Directors of the Company hold Directorship in the Listed Company)

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



**Note:**

1. As required under the Indian Accounting Standard 24 (IndAD 21) transaction with related parties are furnished under note 28 of notes on accounts. There were no transactions of material nature with Promoter Directors or their relatives, etc. that may have potential conflict with the interest of the company. With regards to disclosure received from Directors and senior management there was no transaction with the company which might have potential conflict with the interest of the company at a large.
2. There are no inter-se relationships between our Board Members.
3. The details of familiarization programmes imparted to Independent Directors can be access at the website of the <https://scansteels.com/wp-content/uploads/2021/07/DETAILS-OF-FAMILIARISATION-PROGRAMMES-1.pdf>

**PROFILE OF THE BOARD OF DIRECTORS**
**MR. RAJESH GADODIA**

Mr. Rajesh Gadodia (DIN: 00574465) aged about 48 years is a Mechanical Engineer and has more than 26 years of industrial and business experience, primarily in the steel sector with hands on experience of setting up green field projects. He is primarily involved in business development activities of the company and manages the distribution network of the company in the coastal, northern and southern region of Odisha and southern India operation. In finance he had the exposure in Treasury, Accounting, MIS, Forex Risk Management, Taxation, IT and all other related areas with exposure in India and overseas. He is responsible for transforming Scan Steels into a leading player in the steel industry.

**MR. ANKUR MADAAN**

**Mr. Ankur Madaan (DIN:07002199)** aged about 31 years is a **Whole-time Executive Director** of the company. He is a Commerce Graduate and has more than 9 years of industrial and business experience in steel sector. He is involved in administration, production, & purchase.

**MR. PRAVEEN KUMAR PATRO**

Mr. Praveen Kumar Patro (DIN: **02469361**), aged about 47 years is an **Executive Director (Director- Project)** of the company. He is a B.Tech (Electric) having more than 22 years of industrial and business experience in steel sector. He is involved in Projects and operations of the Company.

**MR. PUNIT KEDIA**

**Mr. Punit Kedia (DIN: 07501851)** aged about 31 years is an Independent Director of the company. He is a commerce graduate and has wide experience in steels sector.

**MR. VINAY GOYAL**

Mr. Vinay Goyal (DIN: **07002206**) aged about 33 years is a Non-Executive & Independent Director of the company. He is a commerce graduate and having more than 10 years' experience in the corporate sector and has excellent Command in the field of Finance, Legal and Administration.

**MRS. DEBJANI SAHU**

Mrs. Debjani Sahu, (DIN:**02674022**) aged about 43 years, is an Independent Woman Director of the Company. She is a Graduate in Arts and having over decades of experience in the field of Human Resource, Administration, Sales & Marketing in retails and Steel Sectors.

The Board has identified the following skills/ expertise/competencies fundamental for the effective functioning of the company which are currently available with the Board.

|                       |   |
|-----------------------|---|
| Strategy and Planning | Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments with the help of Industry Knowledge and Technical Skills.  |
| Governance            | Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values with the help of Behavioural Competencies. |

Further, in context of above the Board had in its meeting held on February 13, 2021 identified the names of directors who have such core skills/expertise/competencies as required in the context of the Company's business(es) and sector(s):

| Sr No. | skill/Expertise/Competencies                            | Names of Directors who have such Skill/Expertise/Competencies |                  |                   |                    |                 |                 |
|--------|---|---|------------------|-------------------|--------------------|-----------------|-----------------|
|        |   | Mr. Rajesh Gadodia  | Mr. Ankur Madaan | Mr. Praveen Patro | Mrs. Deb-jani Sahu | Mr. Vinay Goyal | Mr. Punit Kedia |
| 01     | <b>Industry Knowledge/Experience</b>                    |   |                  |                   |                    |                 |                 |
|        | Industry Experience                                     | ✓   | ✓                | ✓                 |                    | ✓               | ✓               |
|        | Knowledge of Sector                                     | ✓   | ✓                | ✓                 |                    | ✓               | ✓               |
|        | Knowledge of Government/Public Policy                   | ✓   | ✓                | ✓                 |                    | ✓               |                 |
| 02     | <b>Technical Skills/Experience</b>                      |   |                  |                   |                    |                 |                 |
|        | Projects  | ✓   |                  | ✓                 |                    |                 |                 |
|        | Accounting  | ✓   | ✓                | ✓                 |                    |                 | ✓               |
|        | Finance   | ✓   | ✓                | ✓                 |                    | ✓               | ✓               |
|        | Law   | ✓   | ✓                | ✓                 |                    | ✓               |                 |
|        | Marketing Experience                                    | ✓   | ✓                | ✓                 | ✓                  | ✓               |                 |
|        | IT and Digital Outreach                                 | ✓   |                  |                   |                    |                 |                 |
|        | Public Relations  | ✓   | ✓                | ✓                 | ✓                  | ✓               | ✓               |
|        | Risk Management Systems                                 | ✓   | ✓                | ✓                 | ✓                  |                 |                 |
|        | Human Resources Management                              |   |                  |                   | ✓                  |                 |                 |
|        | Strategy Development and implementation                 | ✓   | ✓                | ✓                 |                    | ✓               |                 |
|        | Diversity   | ✓   | ✓                | ✓                 |                    |                 |                 |
| 03     | <b>Governance Competencies</b>                          |   |                  |                   |                    |                 |                 |
|        | Strategic Thinking/Planning from governance perspective | ✓   | ✓                | ✓                 | ✓                  | ✓               | ✓               |
|        | Executive performance management                        | ✓   | ✓                | ✓                 |                    |                 |                 |
|        | risk management   | ✓   | ✓                | ✓                 | ✓                  |                 |                 |
|        | Compliance focus  | ✓   | ✓                | ✓                 |                    | ✓               | ✓               |
|        | Profile/Reputation                                      | ✓   | ✓                | ✓                 | ✓                  | ✓               | ✓               |
| 04     | <b>Behavioural Competencies</b>                         |   |                  |                   |                    |                 |                 |
|        | Ability and willingness to challenge and probe          | ✓   | ✓                | ✓                 | ✓                  | ✓               | ✓               |
|        | Sound Judgement   | ✓   | ✓                | ✓                 | ✓                  | ✓               | ✓               |
|        | Integrity and High ethical standards                    | ✓   | ✓                | ✓                 | ✓                  | ✓               | ✓               |

|   |   |   |   |   |   |   |
|---|---|---|---|---|---|---|
| Leadership/Mentoring abilities                                | √ | √ | √ | √ | √ | √ |
| Interpersonal relations                                       | √ | √ | √ | √ | √ | √ |
| Listening skills  | √ | √ | √ | √ | √ | √ |
| Verbal Communication Skills                                   | √ | √ | √ | √ | √ | √ |
| Understanding of effective decision making processes          | √ | √ | √ | √ | √ | √ |
| Willingness and ability to devote time and energy to the role | √ | √ | √ | √ | √ | √ |

### Board membership criteria

Matching the needs of the Company and enhancing the competencies of the Board are the basis for the Nomination and Remuneration Committee to select a candidate for appointment to the Board. The nomination and remuneration committee works with the entire Board to determine the appropriate characteristics, skills and experience required for the Board as a whole and for individual members. Members are expected to possess the required age, qualifications, integrity, expertise and experience, positive attributes, independence, relationships, diversity of gender, background, professional skills and personal qualities required to operate successfully for the position. They should also possess deep expertise and insights in sectors/areas relevant to the Company, and ability to contribute to the Company's growth.

The age limit for managing director/executive director/independent director is 70 years and non-executive director is 75 years. A director's term may be extended at the discretion of the Board/committee beyond the age of 70 and 75 years with shareholder approval by passing a special resolution based on the explanatory statement annexed to the Notice for such motion indicating the justification for extension of appointment beyond 70 and 75 years.

Provided that in case of Whole-time Director/ Managing Director / Manager where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government

is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

The Board members are expected to rigorously prepare for, attend and participate in all board and applicable committee meetings. Each member is expected to ensure that their other current and planned future commitments do not materially interfere with their responsibilities with us.

### Directors' Induction and Selection of new directors

The provision of an appropriate induction programme for new Directors and ongoing training for existing Directors is a major contributor to the maintenance of high Corporate Governance standards of the Company. The Whole Time Director & CFO and the Company Secretary are jointly responsible for ensuring such induction. The Board is responsible for the selection of new directors. The Board delegates the screening and selection process to the nomination and remuneration committee, which consists exclusively of independent directors. The nomination and remuneration committee makes recommendations to the Board on the induction of new directors. After getting appointed, the Directors receive a formal letter of appointment which inter alia explains the role, functions, duties and responsibilities expected from him as a Director of the Company. The Director is also explained in detail the compliances required to be made under the Companies Act and the SEBI

(Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations, 2015") and other relevant regulations.

### **Familiarization programme for Board Members**

The Company believes that the Board be continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the industry as a Whole. To this end, The Board members were given presentations on the global business environment, as well as all business areas of the Company including business strategy, risks opportunities, they are also provided with necessary documents/brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices. The management provides such information and training either at the meeting of Board of Directors or otherwise.

Quarterly updates on relevant statutory changes and landmark judicial pronouncements encompassing important laws are regularly circulated to the Directors. Site visits to various plant locations are organized for the Directors to enable them to understand the operations of the Company.

The Details of such Familiarizations Programmer for Directors are posted on the Website of the Company and can be accessed at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

### **Membership term**

The Board constantly evaluates the contribution of the members, hence, the Directors of the Company (except Nominee Directors if any.) are appointed by the shareholders at General Meetings and Company periodically shares updates with the shareholders about appointment /re-appointment consistent with applicable status. The current law in India mandates the retirements

of two-third of the total non-independent directors (who are liable to retire by rotation) every year, accordingly, All Executive Directors, including Non-Executive Chairman, are subject to retirement by rotation and at every Annual General Meeting, 1/3<sup>rd</sup> of such Directors as are liable to retire by rotation, if eligible, generally offer themselves for re-election, in accordance with the provisions of Section 152 of the Companies Act, 2013 and that of the Articles of Association of the Company.

Executive directors are appointed by the shareholder for a maximum period of five years, but are eligible for re-appointment upon completion of their term. The Executive Directors on the Board serve in accordance with the terms of their contracts of service with the Company.

As per Section 149(10) of the Companies Act, 2013, an independent director shall hold office of a term of up to five consecutive years on the Board of the Company and will be eligible for re-appointment on the passing of a special resolution by the Company read with Section 149(11) of the Companies Act, 2013.

### **Performance evaluation**

In compliance with the Section 134(3) (p) and Section 178 (2) of the Companies Act, 2013 read with Regulation 17 (10) , 19 (4) and Part D of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which includes criteria for performance evaluation of the non-executive directors and executive directors and the policy has been framed / approved by the Nomination and Remuneration Committee and can be accessed from the website of the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

The Board carried out an annual performance evaluation of its own performance, the individual



Directors, as well as the evaluation of the working of the Committees of the Board. The performance evaluation of the Non-Independent Directors, Board / Chairman was carried out by the Independent Directors. The performance evaluation of the Independent Directors was carried out by the entire Board in compliance with the Companies Act, 2013 which includes performance of the directors; and) fulfillment of the independence criteria as specified in these regulations and their independence from the management. The directors who are subject to evaluation shall not participate.

The performance evaluation of all the Directors/ its committees and / or Board as a whole was also carried out by the Nomination and Remuneration Committee and NRC also review its implementation and compliance.

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

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

and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc.

The Observations of board evaluation is carried out for the year. There were not any previous year’s observations on which Board needs to take any actions to resolve them. Further, in current year also Board Performance was evaluated on following criteria and it seems that no immediate Proposed actions to be taken regarding the same.

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

#### **Performance evaluation of Directors:**

- Contribution at Board / Committee meetings
- Guidance / Support to Management outside Board / Committee Meetings

#### **Performance evaluation of Board and Committees:**

- Board structure and composition
- Degree of fulfillment of key responsibilities
- Establishment and delineation of responsibilities to Committees
- Effectiveness of Board Processes, Information and Functioning
- Board Culture and Dynamics
- Quality of relationship between the Board and Management
- Efficacy of communication with External Stakeholders
- Committees – strengths and areas of improvement

The Directors expressed their satisfaction with the evaluation process.

#### **Succession planning**

The nomination and remuneration committee works with the Board on the leadership succession plan, and prepares contingency plans for succession in case of any exigencies.



## INDEPENDENT DIRECTORS

### Definition

The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 defines an 'Independent Director' as a person who is not a promoter or employee or one of the Key Managerial Personnel of the Company or its subsidiaries. The Laws also state that the person should not have a material pecuniary relationship or transactions with the Company or its subsidiaries, apart from receiving remuneration as an independent director. We abide by these definitions of independent director.

### Selection of Independent Directors

In Compliance with Rule – 6 of Companies Appointment and Qualification of Directors Fifth Amendment Rules 2019 and considering the requirement of skill sets on the Board, eminent people having an independent standing in their respective field/profession, and who can effectively contribute to the Company's business and policy decisions are considered by the Nomination and Remuneration Committee, for appointment, as Independent Directors on the Board. The Committee, inter alia, considers qualification, positive attributes, area of expertise and number of Directorships and Memberships held in various committees of other companies by such persons in accordance with the Company's Policy for Selection of Directors and determining Directors' independence. The Board considers the Committee's recommendation, and takes appropriate decision. Every Independent Director, at the first meeting of the Board in which he participates as a director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

A statement, in connection with fulfilling the criteria of independence and directorships as per the requirement of the provisions of the Companies

Act, 2013 ("the Act") and the Regulation 25 of SEBI LODR received from each of the Independent Directors, is disclosed in the Board's Report. Your Company had also issued formal appointment letters to all the Independent Directors (including terms and conditions of appointment of Independent Directors) in the manner provided under the Act. As per Regulation 46 of SEBI Listing Regulations and Section 149 read with schedule IV of the Act, Terms and conditions for appointment of Independent Directors are available on the website of the Company and can be accessed at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

### Code of Conduct

The Company has prescribed Code of Conduct for its directors and senior management. The Code is applicable to Non-executive Directors including Independent Directors to such extent as may be applicable to them depending on their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. - Customer Value, Ownership Mind-set, Respect, Integrity, One Team and Excellence.

A copy of the Code has been put on the Company's website ([www.scansteels.com](http://www.scansteels.com)). The Code has been circulated to Directors and Management Personnel, and its compliance is affirmed by them annually.

The declaration from the Whole- Time Director stating that as on 31 March 2021 all the board members and the senior management personnel of the Company have adhered to the code of conduct for FY 2021 and the same has been included in this report duly signed by the Whole-Time Director of the Company.

## **BOARD MEETINGS, BOARD COMMITTEE MEETINGS AND PROCEDURES:**

### **A. INSTITUTIONALISED DECISION-MAKING PROCESS:**

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

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

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

- i. A minimum of four Board Meetings are held every year. Dates for the Board Meetings in the ensuing quarter are decided well in advance and communicated to the Directors. The agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board are held when deemed necessary to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- ii. The meetings are usually held either at the Company's Registered Office at Mumbai, plant location at Rambahal (Odisha) and Bhubaneswar.

- iii. All divisions/departments of the Company are advised to schedule their work plans well in advance, with regard to matters requiring discussion/approval/ decision at the Board/ Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same can be included in the Agenda for the Board/Committee Meetings.
- iv. In addition to items which are mandated to be placed before the Board for its noting and/or approval, information is provided on various significant issues.
- v. The Board is given presentations covering present steel scenario, Indian Economy, Company's Financials, Sales, Production, Business Strategy, Competitor's Performance and Risk Management practices before taking on record the Quarterly/ Half Yearly/ Nine Monthly/ Annual financial results of the Company.

The Board is also provided with Audit Committee observations on the Internal audit findings and matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.

### **C. DISTRIBUTION OF BOARD AGENDA MATERIAL:**

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

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

The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the members of the Board/Committee for their comments. The final minutes are entered in the Minutes Book within 30 days from conclusion of the meeting and are signed by the Chairman of the meeting at any time before the next Meeting is held/ Chairman of the next meeting at the next Meeting as per clause 7.6.1 of Revised SS-1. As per clause 7.6.4 of Revised SS-1, All the Directors of the Company had waived their right to receive the Copies of the signed Minutes by giving their consent in writing for such waiver and the same is recorded in the Minutes.

#### **E. POST-MEETING FOLLOW-UP MECHANISM:**

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

#### **F. COMPLIANCE:**

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

#### **G. AVAILABILITY OF INFORMATION TO BOARD MEMBERS:**

The Board has unrestricted access to all Company-related information, including that of our employees. At Board meetings, managers

and representatives who can provide additional insights into the items being discussed are invited.

Regular updates provided to the Board include:

- Annual operating plans and budgets, capital budgets and updates
- Quarterly results of our operating divisions or business segments
- Minutes of meetings of audit, nomination and remuneration, risk management, stakeholders' relationship, and corporate social responsibility committees, and other committees of Board constituted as and when needed and abstracts of circular resolution passed
- General notice of interest received from directors
- Dividend date, if any.
- Information on recruitment and remuneration of senior officers below the Board level, including appointment or removal of the Chef Financial Officer and Company Secretary, if any
- Materially important litigations, show cause, demand, prosecution and penalty notices
- Fatal or serious accidents, dangerous occurrences, and issues related to material effluents or pollution
- Any materially relevant defaults in financial obligations to and by us
- Any issue that involves possible public or product liability claims of a substantial nature
- Details of joint ventures, acquisitions of companies, or collaboration agreements
- Transactions that involve substantial payments toward goodwill, brand equity or Intellectual Property (IP)
- Any significant development involving human resource management
- Sale of a material nature, or of investment, subsidiaries and assets, which are not part of the normal course of business
- Details of foreign exchange exposure and the steps taken by the Management to limit risks of advance exchanges rate movement

- Non-compliance with any regulatory, statutory or listing requirements, as well as shareholders services, such as non-payment of dividend and delays in share transfer
- Quarterly compliance reports and investor grievance reports
- Discussion with independent directors

The Board periodically reviews the compliance reports of all laws applicable to the Company.

#### **Details of board meetings during the financial year:**

During the financial year 2020-21, Eighteen meetings of the Board were held during the year and the gap between two meetings did not exceed four months. The necessary quorum was present for all the meetings.

The dates on which the said meetings were held are as follows:

| <b>Sr. No.</b> | <b>Date</b>                      | <b>Board Strength</b> | <b>No. of Directors Present</b> |
|----------------|----------------------------------|-----------------------|---------------------------------|
| 1              | 07 <sup>th</sup> April, 2020     | 6                     | 6                               |
| 2              | 30 <sup>th</sup> June, 2020      | 6                     | 6                               |
| 3              | 27 <sup>th</sup> August, 2020    | 6                     | 6                               |
| 4              | 21 <sup>st</sup> September, 2020 | 6                     | 6                               |
| 5              | 06 <sup>th</sup> October, 2020   | 6                     | 6                               |
| 6              | 16 <sup>th</sup> October, 2020   | 6                     | 6                               |
| 7              | 12 <sup>th</sup> November, 2020  | 6                     | 6                               |
| 8              | 24 <sup>th</sup> November, 2020  | 6                     | 6                               |
| 9              | 10 <sup>th</sup> December, 2020  | 6                     | 6                               |
| 10             | 26 <sup>th</sup> December, 2020  | 6                     | 6                               |
| 11             | 22 <sup>nd</sup> January, 2021   | 6                     | 6                               |
| 12             | 28 <sup>th</sup> January, 2021   | 6                     | 6                               |
| 13             | 13 <sup>th</sup> February, 2021  | 6                     | 6                               |
| 14             | 19 <sup>th</sup> February, 2021  | 6                     | 6                               |
| 15             | 01 <sup>st</sup> March, 2021     | 6                     | 3                               |
| 16             | 10 <sup>th</sup> March, 2021     | 6                     | 6                               |
| 17             | 22 <sup>nd</sup> March, 2021     | 6                     | 6                               |
| 18             | 31 <sup>st</sup> March, 2021     | 6                     | 5                               |

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

| Sr. No. | Name of the Director    | No. of Board Meeting Attended | Attendance at the Last AGM held on 30.09.2020 | No. of Shares held in the Company |
|---------|-------------------------|-------------------------------|---|-----------------------------------|
| 1       | Mr. Rajesh Gadodia      | 16                            | No  | 4969957                           |
| 2       | Mr. Ankur Madaan        | 18                            | Yes   | NIL                               |
| 3       | Mr. Praveen Kumar Patro | 18                            | Yes   | NIL                               |
| 4       | Mr. Punit Kedia         | 18                            | Yes   | NIL                               |
| 5       | Mr. Vinay Goyal         | 17                            | Yes   | NIL                               |
| 6       | Mrs. Debjani Sahu       | 17                            | Yes   | NIL                               |

### MEETING OF INDEPENDENT DIRECTORS:

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel. Such meetings are conducted informally to enable Independent Directors to discuss matters pertaining to the Company's affairs and put forth their views to the other Independent Director.

The Independent Directors of the Company had met during the year on 19.02.2021, inter alia, to discuss:

- Evaluation of the performance of Non-independent Directors and the Board of Directors as a whole.
- Evaluation of the performance of the chairman of the Company, taking into account the views of the Executive and Non-executive directors.
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.
- All the Independent Directors were present at the Meeting.

In compliance with the Regulations 25(7) and 46 of SEBI Listing Regulations the Company had also further during the year, conducted Familiarisation Programme for Independent Directors of the Company and the details of such Familiarisation Programmes are disseminated on the website of

the Company at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

### PROCEDURE AT COMMITTEE MEETINGS

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

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

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

### AUDIT COMMITTEE

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in



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

The Audit Committee reviews compliance with the provisions of regulations 9A (4) of the SEBI (Prohibition of Insider Trading), Regulations, 2015 at least once in a financial year to verify that the systems for internal control are adequate and are operating effectively and also review reports if any submitted by compliance officer in compliance with the code of conduct to regulate, monitor and report trading by Designated persons.

The audit committee comprised of the following directors for the year ended 31st March 2021:

#### **Composition, names of members and Chairperson**

The Audit Committee of the Company is constituted in line with Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013 which is headed by Mr. Vinay

Goyal. All the members of the Audit Committee are financially literate as defined in Regulation 18 (1) (c) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company's Audit Committee comprises of the following Directors: -

- # Mr. Vinay Goyal - Chairman (Non-Executive Independent)
- # Mr. Ankur Madaan - Member (Executive)
- # Mr. Punit Kedia - Member (Non-Executive Independent)

All the current members of the Committee are financially literate and have relevant finance / audit exposure. The chief financial officer is permanent invitees to the meetings of the committee. The other directors and such of the executives (particularly the head of the finance function) representatives of the statutory auditors, internal auditors, and Cost Auditor (when the Cost Audit Report is tabled for discussion), as it considers appropriate are invited to attend the audit committee meetings as and when required. The company secretary acts as the secretary to the committee and ensures compliance and effective implementation of the insider trading code. Chairman of the Audit Committee Mr. Vinay Goyal was present at the previous Annual General Meeting of the company held on 30<sup>th</sup> September, 2020.

#### **Details of audit committee meetings during the financial year:**

During the year under review, the committee met Six times during the financial year ended 31<sup>st</sup> March, 2021 on 30.06.2020, 27.08.2020, 12.11.2020, 26.12.2020, 13.02.2021, 10.03.2021 and the gap between two meetings did not exceed one hundred and twenty days. The Composition of the Committee and the attendance at each Committee Meetings are as follows: -

| Name             | Category | No of Meetings during the Year 2020-2021 |          |
|------------------|----------|--|----------|
|                  |          | Held                                     | Attended |
| Mr. Vinay Goyal  | Chairman | 6  | 6        |
| Mr. Ankur Madaan | Member   | 6  | 6        |
| Mr. Punit Kedia  | Member   | 6  | 6        |

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

- Efficiency and effectiveness of operations;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures  
Compliance with all relevant statutes.

#### Internal Controls and Risk Management

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

The internal audit covers all the factories, sales offices, warehouses and businesses and functions controlled centrally. Every quarter, the Audit Committee of the Board is presented with key control issues and actions taken on past issues.

Business risk assessment procedures have been set in place for self assessment of business risks, operating controls and compliance with corporate policies. There is an ongoing process to track the evolution of the risks and delivery of mitigation action plan.

**The internal controls shall include the following SEBI (Prohibition of Insider Trading), Regulations, 2015:**

- a) all employees who have access to unpublished price sensitive information are identified as designated employee;

- b) all the unpublished price sensitive information shall be identified and its confidentiality shall be maintained as per the requirements of these regulations;
- c) adequate restrictions shall be placed on communication or procurement of unpublished price sensitive information as required by these regulations;
- d) lists of all employees and other persons with whom unpublished price sensitive information is shared shall be maintained and confidentiality agreements shall be signed or notice shall be served to all such employees and persons;
- e) all other relevant requirements specified under these regulations shall be complied with;
- f) periodic process review to evaluate effectiveness of such internal controls.

#### Power of Audit Committee

The audit committee shall have powers which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

The broad **terms of reference** of Audit Committee are: (in compliance with Regulation 18(3) and Part C (A) of Schedule II of the SEBI (LODR) Regulations) (as per Act and LODR as amended)

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- b) Recommending to the Board, the appointment, re-appointment, remuneration and terms of appointment of statutory auditors, cost auditors, Internal Auditor and Secretarial Auditor of the Company.
- c) Approval of payment to Statutory Auditors for any other services rendered by the statutory auditors;
- d) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board, focusing primarily on:
  - 1) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of subsection 3 of Section 134 of the Companies Act.
  - 2) Changes, if any, in accounting policies and practices and reasons for the same.
  - 3) Major accounting entries involving estimates based on the exercise of judgment by Management.
  - 4) Significant adjustments made in the financial statements, if any, arising out of audit findings.
  - 5) Compliance with respect to accounting standards, listing agreements and legal requirements concerning financial statements.
  - 6) Disclosure of any related party transactions.
  - 7) Modified opinion(s) in the draft audit report, if any.
- e) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- f) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- g) Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- p) Discussion with statutory auditors before the audit commences, about the nature and

scope of audit as well as post-audit discussion to ascertain any area of concern;

- q) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- r) To review the functioning of the Whistle Blower mechanism;
- s) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- t) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- u) consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholder.

#### Review of Information by Audit Committee

The Audit Committee shall mandatorily review the following information:

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

#### NOMINATION AND REMUNERATION COMMITTEE:

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

The **terms of reference** of the Committee inter alia, include the following: (In compliance with Part D (A) of the Schedule II of the SEBI (LODR) Regulations.)(as per Act and LODR as amended )

- a) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
- b) Formulating a criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel / Senior Management and other employees.
- c) Formulating a criteria for evaluation of performance of Independent Directors and the Board.
- d) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description.
- e) whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.



- f) Devising a policy on Board diversity.
- g) To recommend Board/review remuneration of the Managing Director(s) and Whole-time Director(s) or Senior Management based on their performance and defined assessment criteria.
- h) To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable;
- i) To perform such other functions as may be necessary or appropriate for the performance of its duties.

#### **I. Composition of the Committee Members.**

As of 31st March 2021, the Nomination and Remuneration Committee consisted of 3 Non – Executive Independent directors, Mr. Punit Kedia, Mr. Vinay Goyal and Mrs. Debjani Sahu, Non-Executive Independent Directors of the Company.

Mr. Punit Kedia Independent Director is the Chairman of the Committee and was present at the last Annual General Meeting. The company secretary is the secretary to the committee.

The Nomination and Remuneration Committee comprises of the following Directors: -

- # Mr. Punit Kedia - Chairman (Non-Executive Independent)
- # Mrs. Debjani Sahu - Member (Non-Executive Independent)
- # Mr. Vinay Goyal - Member (Non-Executive Independent)

#### **II. Meeting and Attendance during the year**

The committee met on 27.08.2020 during the financial year ended 31<sup>st</sup> March, 2021.

| Name              | Category | No of Meetings during the Year 2020-2021 |            |
|-------------------|----------|--|------------|
|                   |          | Held                                     | At- tended |
| Mr. Punit Kedia   | Chairman | 1  | 1          |
| Mrs. Debjani Sahu | Member   | 1  | 1          |
| Mr. Vinay Goyal   | Member   | 1  | 1          |

#### **III. Performance Evaluation criteria for Independent Directors**

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

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

- The Nomination and Remuneration Committee (NRC) shall carry out evaluation of every Director's Performance.
- In addition, performance evaluation of the Independent Directors shall be done by the entire Board, excluding the director being evaluated by rating their performances and fulfillment of Independence Criteria as per SEBI (LODR) Regulations, 2015. This is to be done on an annual basis for determining whether to extend or continue the term of appointment of the independent director.



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

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

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

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

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

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

#### **IV. Remuneration policy**

The remuneration of the Whole-time/Executive Directors and Senior Executive Officers is decided by the Board based upon the recommendations of the Nomination and Remuneration Committee, subject to the approval of the Company in

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

The Policy inter alia provides for the following:

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

The Company's Nomination and Remuneration Policy for Directors, Key Managerial Personnel and other employees is annexed as **Annexure D** to the Board Report. Further, the Company has devised a Policy for performance evaluation of Independent Directors, Board, Committees and other individual Directors which may be accessed on the Company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

**The details relating to remuneration of Directors, as required under Schedule V, Part C – Point No. 5 read with Regulation 34 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

**Remuneration paid to the directors during 2020-21:**

Amount (₹In Lacs)

| Name of the Director    | Designation          | *Remuneration Paid during the year 20-21 |
|-------------------------|----------------------|--|
| Mr. Ankur Madaan        | Whole- Time Director | 6.00                                     |
| Mr. Praveen Kumar Patro | Executive Director   | 7.12                                     |

\* Salaries of Directors and KMP was cut down during the year due to covid – 19 pandemic

**Note:**

\*The above-mentioned remuneration is in aggregate and apart from this there were no such other benefits like, Compensation, bonuses, stock options, pension, performance linked incentives given.

**Service Contracts, Severance Fee and Notice Period**

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

incorporating their roles, duties, responsibilities etc., which have been accepted by them.

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

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

Board makes a payment of a sum of ₹1000/- (Rupees One Thousand only) as sitting fees to the Non-Executive Directors of the Company for every meeting of the Board of Directors and committee thereof attended by them. There were no other pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company. The Company has not granted any stock option to any of its Non-Executive Directors.

Amount in ₹

| Name of the Director | Designation            | Sitting Fees paid during the year 20-21 |
|----------------------|------------------------|---|
| Mr. Rajesh Gadodia   | Non-Executive Chairman | 16000.00                                |
| Mr. Punit Kedia      | Independent Director   | 32000.00                                |
| Mr. Vinay Goyal      | Independent Director   | 31000.00                                |
| Mrs. Debjani Sahu    | Independent Director   | 20000.00                                |

### Criteria for making payments to non- executive directors:

The Company has laid down the criteria for making payments to the Non- Executive Directors. The details of such criteria are available in the Nomination and Remuneration Policy as well as disseminated on the website of the Company at <http://www.scansteels.com/wp-content/uploads/2019/04/CRITERIA-FOR-MAKING-PAYMENT-TO-NED.pdf> and / or the Nomination and Remuneration Policy is also annexed as 'Annexure D' to Board Report.

### Details of shareholding of Directors as on 31st March 2021.

| Sr. No. | Name of the Director    | Category                             | Equity Shareholding as on 31 <sup>st</sup> March 2021 |
|---------|-------------------------|--------------------------------------|---|
| 1       | Mr. Rajesh Gadodia      | Non Executive Chairman               | 4969957   |
| 2       | Mr. Ankur Madaan        | Whole - Time Director                | Nil   |
| 3       | Mr. Praveen Kumar Patro | Executive Director                   | Nil   |
| 4       | Mr. Punit Kedia         | Non Executive – Independent Director | Nil   |
| 5       | Mr. Vinay Goyal         | Non Executive – Independent Director | Nil   |
| 6       | Mrs. Debjani Sahu       | Non Executive – Independent Director | Nil   |

### STAKE HOLDERS' RELATIONSHIP COMMITTEE

Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 prescribes that a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders' Relationship Committee. The Company has complied with this provision and the Stakeholders' Relationship Committee carries the mandate as was decided upon in the erstwhile Shareholders' Grievance Committee. Further, the Company has merged the erstwhile Share Transfer Committee with the Stakeholders' Relationship Committee.

The Stakeholders' Relationship Committee comprises of the following Directors: -

- # Mr. Vinay Goyal - Chairman (Non-executive Independent)
- # Mr. Punit Kedia - Member (Non-Executive Independent)
- # Mr. Ankur Madaan -Member (Executive)

The committee met Four times during the financial year ended 31<sup>st</sup> March, 2021 on 30.06.2020, 27.08.2020, 12.11.2020, 13.02.2021. To oversee and review all matters related to the transfer of securities of the company and other Shareholders Grievances if any.

Mr. Vinay Goyal – Chairman of the committee was present at the last Annual General Meeting.

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

| Name             | Category | No. of Meetings during the Year 2020-2021 |          |
|------------------|----------|---|----------|
|                  |          | Held                                      | Attended |
| Mr. Vinay Goyal  | Chairman | 4   | 4        |
| Mr. Ankur Madaan | Member   | 4   | 4        |
| Mr. Punit Kedia  | Member   | 4   | 4        |

The powers (**terms of reference**) delegated to the committee are as under: (In compliance with the Part D (B) of Schedule II of the SEBI (LODR) Regulations.) (as per Act and LODR as amended)

- to review statutory compliance relating to all security holders,
- consider and resolve the grievances of security holders of the company including complaints related to transfer/transmission of shares, non-receipt of annual report, non receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of the various measures and initiatives taken for reducing the quantum of unclaimed dividends transfer of unclaimed amounts to the Investor Education and Protection Fund,
- oversee compliances in respect of dividend payments and ensuring timely receipt of dividend warrants / annual reports/statutory notices by the shareholders of the company.
- oversee and review all matters related to the transfer of securities of the company,
- approve issue of duplicate certificates of the company,
- review movements in shareholding and ownership structures of the company,
- ensure setting of proper controls and oversee performance of the Registrar and Share Transfer Agent,
- Recommend measures for overall improvement of the quality of investor services and set forth policies relating to and oversee implementation of the Code of Conduct for prevention of Insider Trading.
- To scrutinize and take on records the shares / securities transfers and transmission of shares / securities etc. made by the Registrar and Transfer Agent of the Company and authorize the registration of transfers in the Register of Members as well as in the Register of Transfers of the Company and to take all other consequential and incidental actions and measures.
- Carry out any other function as is referred by the Board from time to time and / or enforced by any statutory notification / amendment or modification as may be applicable.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent.

### Complaints received and redressed during the year 2020-2021

| Sr.No. | Nature of Complaints  | Number of Complaints |           |
|--------|---|----------------------|-----------|
|        |   | Received             | Redressed |
| 1      | Non-receipt of Share Certificate after Transfer                                   | NIL                  | NIL       |
| 2      | Non-receipt of Dividend Warrant   | NIL                  | NIL       |
| 3      | Non - receipt of Annual Report  | NIL                  | NIL       |
| 4      | Grievance Received through SCORES   | NIL                  | NIL       |
| 5      | Grievance Received through SCORES - Non receipt of Dividend                       | NIL                  | NIL       |
| 6      | Grievance Received through SCORES-Non receipt of Share Certificate after Transfer | NIL                  | NIL       |

Ref: CIR/OIAE/2/2011 dated June 3, 2011 informed the company that they had commenced processing of investor complaints in a web-based complaints redress system "SCORES". Under this system, all complaints pertaining to companies are electronically sent through SCORES and the companies are required to view the complaints pending against them and submit Action Taken

Report (ATRs) along with supporting documents electronically in SCORES.

All the requests and complaints received from the shareholders were attended to within the stipulated time and nothing was pending for disposal at the end of the year. Mr. Prabir Kumar Das, company secretary is the compliance officer of the company for complying with the requirement of SEBI Regulations and the Listing Agreement with the stock exchange in India. His address and contact details are as given below: Address: Office no 104,105, E-Square, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai - 400057. Phone: +91 0222 618 5461; FAX: +91 0222 618 5463. For any clarification / complaint the shareholders may contact company secretary at secretarial@scansteels.com and / or at the registered office of the company.

### **CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:**

SSL is committed to create value for the nation and enhance the quality of life across the entire socio-economic spectrum. SSL believes that Corporate Social Responsibility extends beyond the ambit of business and should focus on a broad portfolio of assets – human physical, environmental and social. SSL gives utmost importance to conservation of the natural capital at its operations. SSL is committed to responsible stewardship of the natural resources to conduct its operations in a sustainable manner.

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

The composition of CSR Committee is as Mentioned below:

- # Mr. Vinay Goyal - Chairman (Non-Executive Independent)
- # Mr. Punit Kedia - Member (Non-Executive Independent)
- # Mr. Ankur Maddan - Member (Executive)

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

- Recommend to the Board objective of Corporate Social Responsibility (CSR) to generate conducive environment to conduct the business in a socially responsible manner and to carry on business activities in the ethical way with regards to legal obligations and commitments;
- Formulate and update CSR Policy, and recommend to the Board for their Approval.
- Decide the CSR activities to be taken up by the Company and areas of Implementation in accordance with this Policy and Sch vii of the CA, 2013; and annually recommend to the Board for its approval.
- Recommend the CSR expenditure and decide the amount to be allocated for each project or activity to the Board of the Company who will approve it.
- Identify Potential Partner and facilitate and end to end partner selection.
- Timely review of the budgets and approved disbursements to the partners (if any)
- Suggest areas of intervention to the Board of the Company.
- The Annual Action Plan is a yearly plan of CSR activities that would be placed before the Board of Directors of the Company based on recommendation of its CSR Committee which outlines inter alia the following aspects of CSR initiatives of the Company:



- the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act
- Manner of Execution of such projects or programs
- Modalities of Utilization of funds and Implementation schedules for projects.
- Put monitoring mechanisms in place to track the progress of each activities/project rolled out under this Policy, utilization of funds disbursed and Submit a report, to the Board on all CSR activities undertaken during the financial year.
- Details of need and Impact Assessment if any for the projects undertaken by the company.
- Identify Risk Assessment factor
- Periodically visit the programmes and evaluate the progress on ground and share reports about the same with the Board.
- Recommend the Board modalities and manner for the transfer of ownership of Capital Assets, if created or acquired, through CSR spending;
- The Committee shall meet at least twice in a financial year, or as per the need to Implement and monitor the activities taken.
- Such other functions as directed by the Board of Directors.

The committee meet Twice on 30.06.2020, and 28.01.2021 during the financial year ended 31<sup>st</sup> March, 2021.

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

| Name             | Category | No. of Meetings during the Year 2020-2021 |          |
|------------------|----------|---|----------|
|                  |          | Held                                      | Attended |
| Mr. Vinay Goyal  | Chairman | 2   | 2        |
| Mr. Ankur Maddan | Member   | 2   | 2        |
| Mr. Punit Kedia  | Member   | 2   | 2        |

The Company Gradually reduced its Losses and started making Profit in the previous financial year, accordingly, as per the Average profit calculation of the three immediately preceding financial years company had spent its part of profit on CSR activities as per its CSR policy and relevant report regarding the same Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014] is attached as 'Annexure B' which forms part of this annual report.

## RISK MANAGEMENT COMMITTEE

### A) RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the company to control risk through a properly defined plan. The risks are

classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.

- Identify access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

## B) RISK MANAGEMENT COMMITTEE:

Committee was constituted in Compliance with Companies Act, 2013 and Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The composition of the Risk Management Committee is as under:

# Mr. Ankur Madaan – Chairman & WTD

# Mrs. Debjani Sahu - Member & Women Independent Director

# Mr. Gobinda Chandra Nayak - Member & Chief Financial Officer

The composition of the Risk Management Committee as at **March 31, 2021** and details of the Members participation at the Meetings of the Committee are as under:

| Name of the Member        | Category                   | Attendance at the Risk Management Committee meeting held on 13.02.2021 |
|---------------------------|----------------------------|--|
| Mr. Ankur Madaan          | Whole- Time Director       | Present  |
| Mrs. Debjani Sahu         | Women Independent Director | Present  |
| Mr. Gobinda Chandra Nayak | Chief Financial Officer    | Present  |

The objectives and scope of the Risk Management Committee broadly comprises:

- Oversight of risk management performed by the executive management;
- Reviewing the RMC policy and framework in line with local legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
- Reviewing matters related to cyber security.

The role of the committee shall, inter alia, include the following:

- To formulate a detailed risk management policy which shall include:
  - A framework for identification of internal and external risks specifically faced by

the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

- Measures for risk mitigation including systems and processes for internal control of identified risks.
  - Business continuity plan.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
  - To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
  - To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

(5) To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

(6) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

**C)** The Company has also formulated a Risk Management policy which can be accessed on the link: <https://scansteels.com/wp-content/uploads/2021/07/RISK-MANAGEMENT-POLICY.pdf>

### **FINANCE AND MANAGEMENT COMMITTEE**

In compliance with provision of Section 179 (3) of the Companies Act, 2013 and other applicable Provisions if any, the Board has constituted the Finance and Management Committee, for delegation of power of Board and/ or to approve the matters as specified in section 179(3) (d) to (f) of Companies Act, 2013 and any other Finance related Matters.

Finance and Management Committee consisted of 2 Executive directors, Mr. Ankur Madaan (Chairman of the committee) and Mr. Praveen Kumar Patro, Member of the Committee, committee did not met during the year.

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

1. To approve availing of Credit / Financial Facilities of any description from Banks / Financial Institutions / bodies Corporate within the limits approved by the Board.
2. To approve investments and dealings with any monies of the Company upon such security or without security in such manner as the

Committee may deem fit, and from time to time to vary or realise such investments within the frame work of the guidelines laid down by the Board.

3. To open new Branch offices of the Company, to declare the same as such and to authorise personnel by way of power of attorney or otherwise, to register the aforesaid branches and to deal with various authorities such as the Central Excise, Profession Tax, Commercial Tax, State & Central Sales Tax, VAT Authorities and other Local Authorities.
4. To Make Loans and/ or give guarantee to Individuals / Bodies Corporate and/or to place deposits with other Companies / Firms upon such security or without security in such manner as the committee may deem fit within the limits approved by the Board.
5. To open current Account(s), collection Account(s), Operation Account(s) or any other Account(s) with Banks and also to close such accounts, which the "said committee" may consider necessary and expedient.

### **POLICY FOR PREVENTION OF SEXUAL HARASSMENT**

Sexual harassment can have a devastating effect upon the health, confidence, morale and performance of those affected by it and the best way to prevent sexual harassment is to adopt a comprehensive sexual harassment policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company provides an equal employment opportunity and is committed to creating a healthy working environment that enables employees to work without fear of prejudice, gender bias and sexual harassment. The Company also believes that all employees of the Company have the right to be treated with dignity. Sexual harassment at the work place or other than work place, if involving employees, is a grave offence and is, therefore, punishable.

During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 there by no details to be provided regarding number of complaints disposed of during the financial year or number of complaints pending as on end of the financial year.

#### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY:**

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

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

Vigil Mechanism / Whistle Blower Policy was amended in terms of Regulation 9A of the SEBI (Prohibition of Insider Trading), Regulations, 2015, which can be accessed on the Company's website at the link: <https://scansteels.com/wp-content/uploads/2020/03/SCAN-STEELS-LIMITED-WB-OR-VM-POLICY.pdf>

#### **CEO / CFO CERTIFICATE :-**

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

In terms of Regulation 33(2)(a) of SEBI LODR, the Whole- Time Director (CEO) and the CFO certified the quarterly financial results while placing the financial results before the Board.

#### **CERTIFICATE ON CORPORATE GOVERNANCE**

As required by Regulation 34(3) read with schedule-V(E) of SEBI (LODR) Regulations, 2015, a certificate from M/s. Amarendra Mohapatra & Associates., Practicing Company Secretary confirming compliance with conditions of Corporate Governance as stipulated under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to Directors Report.

#### **CORPORATE ETHICS**

The Company adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings. A Code of Conduct for Board Members and Senior Management and SSL Code of Conduct to Regulate, Monitor and Report Trading by Insiders (formerly known as Code of Conduct for Prevention of Insider Trading) as detailed in this report has been adopted pursuant to Listing Regulations, 2015 & the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, respectively.

#### **CODE OF CONDUCT FOR BOARD MEMBERS AND SENIOR MANAGEMENT.**

The Company has adopted the code of conduct for its employees in compliance with Regulation



17(5) read with Regulation 26 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 at all levels including Senior Management and Directors. The code has been circulated to all the members of the Board and senior management. The Board members and senior management have affirmed their compliance with the code and a declaration signed by the Whole-Time Director of the Company appointed in terms of the Companies Act, 2013 (i.e., the CEO within the meaning of Part B of Schedule II read with Regulation 17(8) and Schedule V (D) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) is annexed separately to this report.

The standards for business conduct provide that the directors and the senior management will uphold ethical values and legal standards as the company pursues its objectives, and that honesty and personal integrity will not be compromised under any circumstances.

A copy of the said code of conduct (in compliance with Regulations 46 (2) (d) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015) is available on the <https://scansteels.com/wp-content/uploads/2020/03/SCAN-STEELS-LIMITED-MODEL-CODE-OFCONDUCT-OF-BOD-AND-SENIOR-MGT.pdf>

### **ROLE OF THE COMPANY SECRETARY IN OVERALL GOVERNANCE PROCESS**

The Company Secretary plays a key role in ensuring that the Board (including committees thereof) procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and senior management for effective decision-making at the meetings. The Company Secretary is primarily responsible to assist and advise the Board in the conduct of affairs of the Company,

to ensure compliance with applicable statutory requirements and Secretarial Standards, to provide guidance to directors and to facilitate convening of meetings. He interfaces between the management and regulatory authorities for governance matters.

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

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

### **PREVENTION OF INSIDER TRADING**

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

All Board Directors and the designated employees have confirmed compliance with the Code.

The Code of Conduct to Regulate, Monitor and Report Trading by Designated Persons and their Immediate Relatives in terms of Regulation 9 of the SEBI (Prohibition of Insider Trading), Regulations, 2015, Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive



Information formulated in terms of Regulation 8 of the SEBI (Prohibition of Insider Trading), Regulations, 2015, Policies and Procedural for inquiry in case of leak of Unpublished Price Sensitive Information, or Suspected Leak of Unpublished Price Sensitive Information in terms of Regulation 9A the SEBI (Prohibition of Insider

Trading) [Amendment] Regulations, 2018, and Vigil Mechanism / Whistle Blower Policy in terms of Regulation 9A of the SEBI (Prohibition of Insider Trading), Regulations, 2015 is available on our website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

## DETAILS OF GENERAL BODY MEETINGS

a) The company held its last Three Annual General Meeting as under along with the details of special resolutions passed in AGM in the last 3 years is as follows:

| FINANCIAL YEAR | DATE       | TIME       | VENUE  | SPECIAL RESOLUTION PASSED  |
|----------------|------------|------------|--|--|
| 2017-2018      | 29.09.2018 | 10.00 A.M. | E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057 | No Special Resolution was Passed.  |
| 2018-2019      | 30.09.2019 | 10.0 A.M.  | E-Square, Conference room (Off. no-11), Ground Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle (E), Mumbai – 400057 | <ul style="list-style-type: none"> <li>Re- Appointment of Shri. Vinay Goyal as an Independent Director</li> <li>Re- Appointment of Smt. Debjani Sahu as an Independent Women Director.</li> <li>Consent of Members for increase in the limits applicable for making investments / extending loans and giving guarantees or providing securities in connection with loans to Persons / Bodies Corporate.</li> </ul> |
| 2019-2020      | 30.09.2020 | 10.00 A.M. | through two-way Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”)  | <ul style="list-style-type: none"> <li>Re-appointment of Mr. Punit Kedia (DIN 07501851) as an Independent Director of the Company.</li> <li>Approval of Related Party Transaction.</li> </ul>  |

b) **Extraordinary General Meeting:**

The company held No Extra Ordinary General Meeting during the Financial Year 2020-2021.

c) **Postal ballot**

During the year ended 31<sup>st</sup> March, 2021, no resolution was passed by the Company’s shareholder requiring voting by Postal Ballot. Thereby, there is no Voting Pattern required to be disclosed by the Company for F.Y. 20-21 to comply with Schedule V (7) (c) of SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015. And accordingly, there are no details to be provided regarding Person who conducted Postal Ballot exercise or Procedure of Postal Ballot.

**None of the businesses proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through Postal Ballot.**

## MEANS OF COMMUNICATION

The Board recognizes the importance of two-way communication with shareholders and giving a balanced report of results and progress and

responding to questions and issues raised in a timely and consistent manner.

#### **a) Quarterly, Half yearly and Annual results**

The quarterly, half yearly and annual results of the Company as approved by the Board of Directors are submitted to the Stock Exchanges where the Company's shares are listed.

Further, the quarterly, half yearly and annual results of the Company are also published within 48 hours of the conclusion of the meeting of the Board in which they are considered in widely circulated national newspapers such as The Financial Express (English Newspaper) and in the local vernacular daily, Mumbai Mitra (Marathi Newspaper) the State of Maharashtra where the Registered Office of the Company is situated

These are also made available on the Company's website: [www.scansteels.com](http://www.scansteels.com)

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

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

#### **c) SEBI Complaints Redress System**

SEBI administers a centralized web-based complaints redress system (SCORES). It enables investors to lodge and follow up complaints and track the status of redressal online on the website [www.scores.gov.in](http://www.scores.gov.in) It also enables the market intermediaries and listed companies to receive the complaints from investors against them,

redress such complaints and report redressal. All the activities starting from lodging of a compliant till its disposal are carried online at any time. The Company has registered itself on SCORES and endeavors to resolve all investor complaints received through SCORES.

#### **d) Website**

The primary source of information regarding the operations of the Company is the corporate website: [www.scansteels.com](http://www.scansteels.com) It contains a separate dedicated section for Shareholders "Investor Relations" as per required under SEBI (LODR) Regulation, 2015, where the latest and updated information about financials/ activities of the Company are available.

The website of the Company also displays official news releases and presentations made to the institutional investors and analysts from time to time, **if any**.

#### **e) Annual report**

The Company's annual report containing the Board's Report, Corporate Governance Report, Management Discussion and Analysis (MD&A), Audited Annual Financial Statements, Auditors' Report and other important information is circulated to members and other stakeholders. Annual Reports are also emailed to the shareholders who have registered their email IDs with the Company/ depositories. The annual report is also available on the Company's corporate website in a user friendly and downloadable form.

Note: The Company has not made any presentation to any institutional investors or to analysts during the year.

## GENERAL SHAREHOLDERS INFORMATION

|  |  |                                       |
|--|--|---------------------------------------|
| Day, Date and Time of AGM  | Thursday, the 30 <sup>th</sup> Day of September, 2021 at 10.30 A.M.  |                                       |
| Venue of AGM   | Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM")  |                                       |
| Book closure Date  | Thursday, the 23 <sup>rd</sup> Day of September, 2021 to Thursday, the 30 <sup>th</sup> Day of September, 2021 (both days inclusive)   |                                       |
| Dividend Payment Date  | Not Applicable   |                                       |
| Date of declaration  |  |                                       |
| Rate of dividend   |  |                                       |
| Book Closure Date  |  |                                       |
| Date of payment of dividend  |  |                                       |
| Amount of dividend paid  |  |                                       |
| Company Registration Details   | The Company is registered in the State of Maharashtra, India. The Corporate Identification Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L27209MH1994PLC076015  |                                       |
| Listing on Stock Exchange  | The Bombay Stock Exchange Limited<br>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001  |                                       |
| Stock / Scrip Code   | 511672   |                                       |
| ISIN Numbers   | INE099G01011   |                                       |
| Financial Calendar   | 1st April, 2021 – 31st March, 2022   |                                       |
|  | First Quarter Results  | Up to 14 <sup>th</sup> August, 2021   |
|  | Second Quarter Results   | Up to 14 <sup>th</sup> November, 2021 |
|  | Third Quarter Results  | Up to 14 <sup>th</sup> February, 2022 |
|  | Fourth Quarter Results   | Up to 30 <sup>th</sup> May, 2022      |
| E-Voting   | Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, members have been provided the facility to exercise their right to vote at General Meetings by electronic means, through e-Voting Services provided by Central Depository Services India Limited. |                                       |
| Market Price Data: High, Low during each month in the Financial Year 2020-2021 | Refer Table No. 1  |                                       |
| Performance in comparison to board indices BSE Sensex                          | Refer Table No. 2  |                                       |

|                                     |   |
|-------------------------------------|---|
| Suspension from Trading             | No Security of the Company has been suspended from trading on Bombay Stock Exchanges.   |
| Registrar & Transfer Agents.        | <p>Adroit Corporate Services Pvt. Limited<br/>17-20, Jafferbhoy Industrial Estate,<br/>Makwana Lane, Marol Naka,<br/>Andheri (E), Mumbai-400 059.<br/>Tel: +91 22 42270400 / +91 22 42270423<br/>+91 22 42270427 / +91 22 42270422<br/>Fax: +91 22 28503748<br/>Email: sandeeps@adroitcorporate.com<br/>rameshg@adroitcorporate.com<br/>prafuls@adroitcorporate.com<br/>info@adroitcorporate.com<br/>Web Site: www.adroitcorporate.com</p>  |
| Share Transfer/ Transmission System | <p>Request for Transfers/Transmission of shares held in physical form can be lodged with Adroit Corporate Services Pvt Limited at the above-mentioned addresses. The transfers are normally processed within 15 days from the date of receipt if the documents are complete in all respects.</p> <p>SEBI has vide its circular dated 7 January, 2010 made it mandatory to furnish a copy of PAN Card in the following cases for <b>transmission of shares</b> in physical form:</p> <ol style="list-style-type: none"> <li>Deletion of name of the deceased shareholder(s), where the shares are held in the name of two or more shareholders.</li> <li>Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder.</li> <li>Transposition of shares in case of change in the order of names in which physical shares are held jointly in the names of two or more shareholders.</li> </ol> <p>The Board has delegated the authority for approving transfers, transmissions etc. of the Company's securities to Mr. Prabir Kumar Das, Company Secretary of the company w.e.f. 20.10.2016. Such transactions are placed before next committee meeting and Board Meeting. The Company obtains from a Company Secretary in Practice, a half yearly certificate of compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (LODR) Regulation, 2015 erstwhile Clause 47(c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.</p> |
| Distribution of Shareholding        | Refer Table No. 3   |

| Shareholding Pattern  | Refer Table No. 4  |                 |                      |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
|---|--|-----------------|----------------------|---------------|---|------|------|----------|-------|------|-----|----------|-------|----------|------|--------|-----|--------------|-------------|-----------------|---------------|
| Dematerialization of Securities and Liquidity   | <p>The Company's Shares are available for trading in the Depository System both at the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Demat Status of the Company as on March 31, 2021 is as under:</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>No. of Share-holders</th> <th>No. of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>CDSL</td> <td>1007</td> <td>40908711</td> <td>78.14</td> </tr> <tr> <td>NSDL</td> <td>975</td> <td>11170684</td> <td>21.34</td> </tr> <tr> <td>PHYSICAL</td> <td>1120</td> <td>272900</td> <td>.52</td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>3102</b></td> <td><b>52352295</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p>And on an average the dematerialization process is completed within a period of 15 days from receipt of a valid demat request along with all documents.</p> | Particulars     | No. of Share-holders | No. of Shares | % | CDSL | 1007 | 40908711 | 78.14 | NSDL | 975 | 11170684 | 21.34 | PHYSICAL | 1120 | 272900 | .52 | <b>TOTAL</b> | <b>3102</b> | <b>52352295</b> | <b>100.00</b> |
| Particulars   | No. of Share-holders   | No. of Shares   | %                    |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| CDSL  | 1007   | 40908711        | 78.14                |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| NSDL  | 975  | 11170684        | 21.34                |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| PHYSICAL  | 1120   | 272900          | .52                  |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| <b>TOTAL</b>  | <b>3102</b>  | <b>52352295</b> | <b>100.00</b>        |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| Outstanding GDR/ADR or warrants or any convertible instruments, conversion date and likely impact on equity.                              | During the F.Y 20-21, The Company had Not issued any warrants or GDR's/ ADR's or any convertible instruments.  |                 |                      |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| (Disclosure pursuant to SEBI Circular dated November 15, 2018)<br><br>Commodity Price risk / Foreign Exchange risk and hedging activities | <p>The Company purchases Iron ore and other raw materials that are used in the manufacturing operations from domestic suppliers. The total procurement of materials is sourced from the domestic market and therefore do not have foreign exchange fluctuation risks. The Company has Risk Management framework to pro-actively mitigate the impact through measures like cost-based price increases, cost reduction measures, portfolio rationalization, renegotiate procurement contracts etc. The Company also develops on an ongoing basis alternate supply sources for key products subject to economic justification.</p> <p>The company does not have any foreign currency exposure hence there are no risk associated with Currency Hedging.</p>   |                 |                      |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| Credit Rating obtained during the year F.Y. 20-21   | During the year, the rating of the company has been upgraded to IVR BB+/Stable Outlook (IVR Double B Plus with Stable Outlook) for Long Term Debt and Fund Based Facilities and IVR A4+ (IVR A Four Plus) for Short Term Non-Fund based Facilities.  |                 |                      |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |
| Plant Locations   | <p><b>Unit -1</b> is situated at Rambahal, At- Keshramal, Rajgangpur, Sundergarh (Odisha)</p> <p><b>Unit -2</b> is situated at Gangajal, Budhakata, Sundergarh, Odisha</p> <p><b>Unit-3</b> is situated at Bai-bai, Tudalaga, Rajgangpur, Sundergarh, Odisha</p> <p><b>Unit-4</b> is situated at Vill -Veniveerapura, Bellary, Karnataka</p>   |                 |                      |               |   |      |      |          |       |      |     |          |       |          |      |        |     |              |             |                 |               |



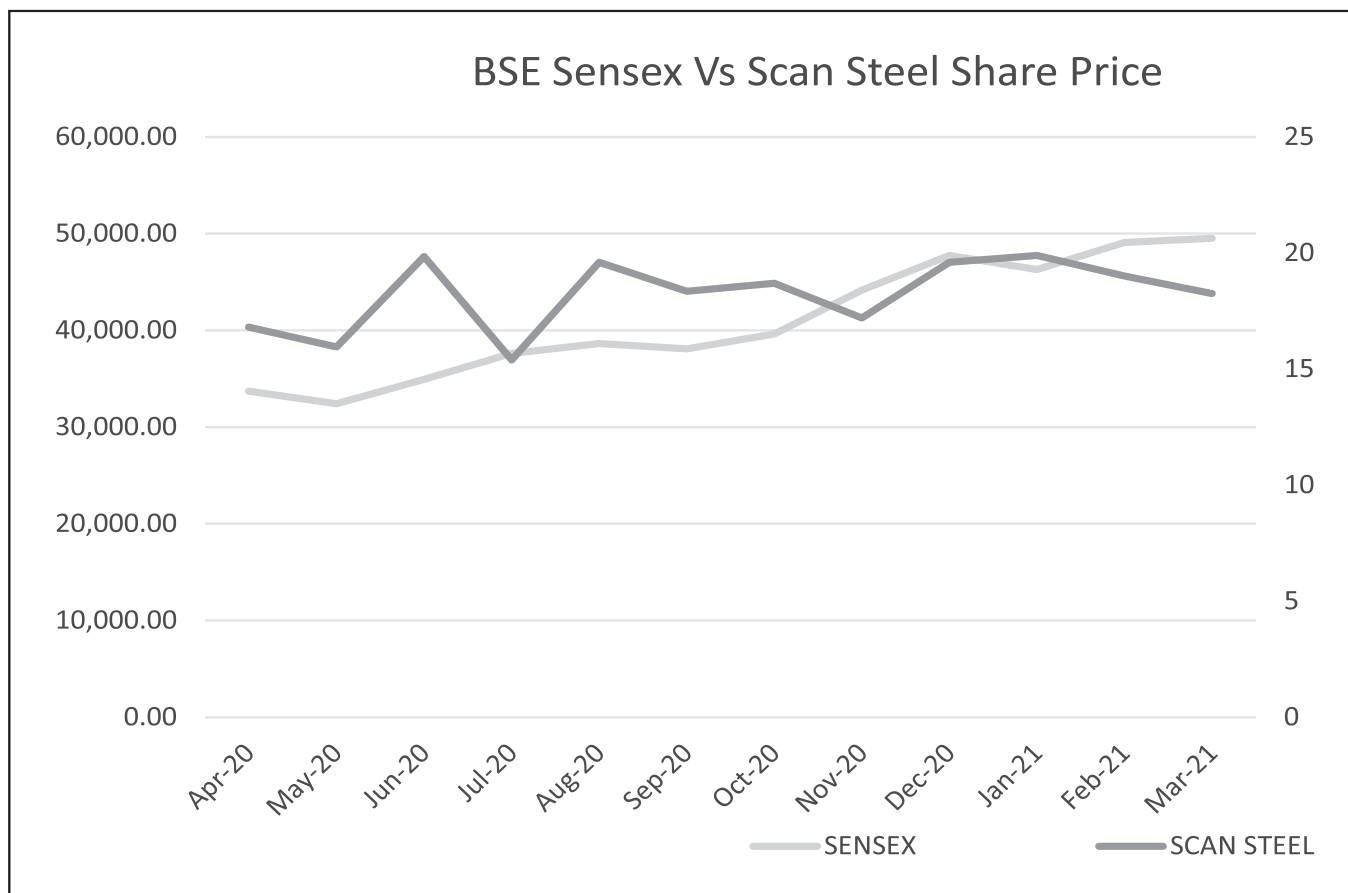
|                            |  |
|----------------------------|--|
| Address for Correspondence | 104-105, E Square, 1 <sup>st</sup> Floor, Subhash Road, Nr. Garware House, Opp. Havmor Ice Cream , Vile Parle (E) , Mumbai – 400057, Maharashtra<br>Ph: 022-26185461<br>Email - secretarial@scansteels.com<br>Website – www.scansteels.com |
| Payment of Listing Fees    | Annual listing fee for the year 2021-22 has been paid by the Company to BSE.   |
| Payment of Depository Fees | Annual Custody/Issuer fee for the year 2021-22 has been paid by the Company to NSDL and CDSL on receipt of the invoices.   |

**TABLE - 1: STOCK MARKET PRICE DATA**

High and Low of market price of the Company's Shares traded on Bombay Stock Exchange Limited, During the Financial Year - 2020 – 2021:-

|                 | Highest (₹) | Lowest (₹) | No. of shares Traded | BSE High  | BSE Low   |
|-----------------|-------------|------------|----------------------|-----------|-----------|
| April, 2020     | 19.15       | 14.40      | 49,802               | 33,887.25 | 27,500.79 |
| May, 2020       | 19.10       | 14.80      | 18,480               | 32,845.48 | 29,968.45 |
| June, 2020      | 22.50       | 14.70      | 13,14,948            | 35,706.55 | 32,348.10 |
| July, 2020      | 20.50       | 14.50      | 10,89,265            | 38,617.03 | 34,927.20 |
| August, 2020    | 24.00       | 14.70      | 1,11,899             | 40,010.17 | 36,911.23 |
| September, 2020 | 21.05       | 16.30      | 19,835               | 39,359.51 | 36,495.98 |
| October, 2020   | 20.00       | 16.60      | 22,170               | 41,048.05 | 38,410.20 |
| November, 2020  | 19.15       | 16.75      | 19,864               | 44,825.37 | 39,334.92 |
| December, 2020  | 20.45       | 17.30      | 81,893               | 47,896.97 | 44,118.10 |
| January, 2021   | 26.55       | 18.05      | 1,33,509             | 50,184.01 | 46,160.46 |
| February, 2021  | 20.60       | 17.95      | 1,92,640             | 52,516.76 | 46,433.65 |
| March, 2021     | 19.45       | 17.20      | 54,823               | 51,821.84 | 48,236.35 |

**TABLE - 2: PERFORMANCE OF THE SHARE PRICE OF THE COMPANY IN COMPARISON TO BSE SENSEX FOR THE PERIOD 1<sup>ST</sup> APRIL, 2020 TO 31<sup>ST</sup> MARCH, 2021 IS GIVEN BELOW:**



**TABLE - 3: DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2021**

| Range (No. of shares held) | Share Holders |               | Shares Held     |               |
|----------------------------|---------------|---------------|-----------------|---------------|
|                            | Numbers       | % of Total    | Numbers         | % of Total    |
| UPTO - 100                 | 2096          | 67.57         | 147385          | 0.28          |
| 101-500                    | 622           | 20.05         | 176047          | 0.34          |
| 501-1000                   | 133           | 4.29          | 111696          | 0.21          |
| 1001-2000                  | 85            | 2.74          | 131259          | 0.25          |
| 2001-3000                  | 25            | 0.81          | 62629           | 0.12          |
| 3001-4000                  | 29            | 0.93          | 99342           | 0.19          |
| 4001-5000                  | 12            | 0.39          | 56539           | 0.11          |
| 5001-10000                 | 24            | 0.77          | 179207          | 0.34          |
| 10001-20000                | 17            | 0.55          | 241378          | 0.46          |
| 20001-50000                | 8             | 0.26          | 236799          | 0.45          |
| 50001-ABOVE                | 51            | 1.64          | 50910014        | 97.25         |
| <b>Total</b>               | <b>3102</b>   | <b>100.00</b> | <b>52352295</b> | <b>100.00</b> |

**TABLE – 4: SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2021**

| <b>CATEGORY</b>              | <b>No. of Shares Held</b> | <b>% of Shareholding</b> |
|------------------------------|---------------------------|--------------------------|
| Promoters                    | 25184749                  | 48.11                    |
| Corporate Bodies             | 22448447                  | 42.88                    |
| Indian Public                | 4403108                   | 8.40                     |
| Financial Institutions/Banks | 299069                    | 0.57                     |
| NRI                          | 8965                      | 0.02                     |
| Clearing Members             | 7957                      | 0.02                     |
| <b>Total</b>                 | <b>52352295</b>           | <b>100</b>               |

Shareholding pattern of the Company in detail is presented in MGT – 7 (Annual Return) Web-Link of which is given in the Board's report.

### REQUEST TO INVESTORS

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

- Shareholders are requested to convert their physical holding to demat/electronic form through any of the DPs to avoid any possibility of loss, mutilation etc., of physical share certificates and also to ensure safe and speedy transaction in securities.
- Shareholders holding shares in physical form should communicate the change of address, if any, directly to the Registrars and Share Transfer Agent of the company.
- It has become mandatory for transferees to furnish a copy of Permanent Account Number for registration of transfer of shares held in physical mode.
- Shareholders holding shares in physical form who have not availed nomination facility and would like to do so are requested to avail the same, by submitting the nomination in Form SH-13. The form will be made available on request. Those holding shares in electronic form are advised to contact their DPs.
- As required by SEBI, it is advised that the shareholders furnish details of their bank account number and name and address of their bank for incorporating the same in the dividend warrants. This would avoid wrong credits being obtained by unauthorized persons.
- As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. Further, SEBI vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/236 dated December 2, 2020 had fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's Registrars and Transfer Agents, Adroit Corporate Services Pvt. Limited for assistance in this regard.

## DISCLOSURES

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

The Board has received disclosures from key managerial personnel relating to material, financial and commercial transactions where they and/or their relatives have personal interest. All transactions entered into with Related Parties as defined under the Companies Act, 2013, Regulation 23 of the SEBI (LODR Regulations) during the financial year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There are no materially significant transactions made by the company with its promoters, Directors or Management or relatives etc. that may have potential conflict with the interest of the Company at large. However, the related party relationships and transactions as required under Ind AS -24 on Related Party Disclosures prescribed under the Companies Act, 2013 are disclosed in Note -28 of notes to the Accounts for the year ended 31<sup>st</sup> March, 2021 may be referred.

All related party transactions are negotiated on an arms-length basis, and are intended to further the Company's interests.

The Company has also formulated a policy on dealing with the Related Party Transactions which can be accessed on our website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment or at <https://scansteels.com/wp-content/uploads/2020/03/POLICY-ON-RELATED-PARTY-TRANSACTION.pdf> And necessary approval of the audit committee and Board of directors were taken wherever required in accordance with the Policy.

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

### II) STATUTORY COMPLIANCES, PENALTIES & STRICTURES

The Company has complied with the requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years.

Though, Company has received SEBI ADJUDICATION ORDER NO. - Order /KS/AA/2019-20/6513 dated 23.01.2020 imposing a penalty of ₹ 18.80 lakh on scan steels limited under the provisions of section 15HA of the SEBI Act for indulging in fraudulent trading in the stock options segment of the BSE, between April 2014 and September 2015 that created large scale reversal of trades in stock options segment of the BSE and led to creation of artificial trading volumes in the stock options contracts that violated the provisions of PFUTP (Prohibition of Fraudulent and Unfair Trade Practices) norms. The Company have remitted during the year sum of ₹21,13,399/- (Rupees Twenty One Lakh Thirteen Thousand Three Hundred and Ninety Nine Only) towards penalty levied on company against the said Adjudication order along with the interest from the date of order @12 % p.a. such remittance is without prejudice and not to be deemed as admission in any manner by the company. The decision of Hon'ble SAT is awaited in the appeal filed by company and shall not prejudice company's rights in any manner whatsoever.

No other penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other statutory authorities.

### III) WHISTLE BLOWER POLICY

The Whistle Blower Policy/Vigil Mechanism has been formulated by the Company with a view to provide a mechanism for directors and employees of the Company to approach the Ethics

Counsellor / Chairman of the Audit Committee of the Board to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Code of Conduct or ethics policy or any other unethical or improper activity including misuse or improper use of accounting policies and procedures resulting in misrepresentation of accounts and financial statements and incidents of leak or suspected leak of unpublished price sensitive information.. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations and in order to maintain these standards, the Company encourages its employees who have genuine concerns about suspected misconduct to come forward and express these concerns without fear of punishment or unfair treatment.

The Whistle Blower Policy/Vigil Mechanism also provides safeguards against victimization or unfair treatment of the employees who avail of the mechanism and no personnel has been denied access to the Audit Committee.

The Whistle Blower Policy/Vigil Mechanism adopted by the Company in line with Section 177 of the Companies Act, 2013 and Regulation 22 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations 2015, and amended in terms of Regulation 9A of the SEBI (Prohibition of Insider Trading), Regulations, 2015, which is a mandatory requirement, has been posted on the Company's website <https://scansteels.com/wp-content/uploads/2020/03/SCAN-STEELS-LIMITED-WB-OR-VM-POLICY.pdf>

#### **IV) SUBSIDIARY COMPANIES**

As Your Company has No Subsidiaries, there are no details to be provided for the same.

#### **V) POLICY ON DETERMINATION OF MATERIALITY FOR DISCLOSURES.**

In accordance with Regulation 30 of SEBI Regulations, 2015, the Company has framed a Policy on Determination of Materiality for Disclosures to disclose events or information which, in the opinion of the Board of Directors of the Company, are material. The Policies have been uploaded on the Company's website at [www.scansteels.com](http://www.scansteels.com) - Investor Relations Segment.

#### **VI) POLICY ON PRESERVATION OF DOCUMENTS AND ARCHIVAL POLICY**

In accordance with Regulation 9 of SEBI Regulations, 2015, the Company has framed a Policy on preservation of documents approved by the Board of Directors of the Company. The Policy is intended to define preservation of documents and to provide guidance to the executives and employees working in the Company to make decisions that may have an impact on the operations of the Company. It not only covers the various aspects on preservation of the Documents, but also the safe disposal/ destruction of the Documents.

Further the Company has an Archival Policy in line with the requirements of SEBI Regulations to ensure that information relating to the Company is adequately disclosed on its web-site as required by law.

The Policies have been uploaded on the Company's website at <https://scansteels.com/wp-content/uploads/2016/06/POLICY-ON-DOCUMENT-RETENTION-AND-ARCHIVAL.pdf>

#### **VII) RECONCILIATION OF SHARE CAPITAL AUDIT**

The Reconciliation of Share Capital Audit is conducted by a Company Secretary in practice to reconcile the total admitted capital with National Securities Depository Limited and Central Depository Services (India) Limited



("Depositories") and the total issued and listed capital. The audit confirms that the total issued/paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held with Depositories) and that the requests for dematerialisation of shares are processed by the R&T agents within stipulated period of 15 days and uploaded with the concerned depositories.

In terms of Regulation 40 (9) of the Listing Regulations, certificates, on half-yearly basis, have been issued by the Company Secretary in practice with respect to due compliance of share transfer formalities by the Company.

The Company Secretary-in-practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") (collectively "Depositories") and the total issued and listed capital. The Audit confirms that the total paid-up capital is in agreement with the aggregate of the total number of shares in physical form and in dematerialised form (held with Depositories), respectively.

### VIII) SECRETARIAL AUDIT

The Company's Board of Directors appointed M/s. Amarendra Mohapatra & Associates, Practising Company Secretaries, to conduct secretarial audit of its records and documents. The secretarial audit reports confirms that the Company has complied with all applicable provisions of the Companies Act, 2013, Depositories Act, 2018, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI (Prohibition of Insider Trading) Regulations, 2015 and all other regulations and guidelines of SEBI as applicable to the Company.

Further, The Company has also taken Annual Secretarial Compliance Report from M/s. Amarendra Mohapatra & Associates, Practicing

Company Secretary for the Year ended on 31<sup>st</sup> March, 2021 Pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019.

- IX)** A certificate has been received from M/s. Amarendra Mohapatra & Associates, Practising Company Secretaries, Pursuant to the provisions of Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority and the same has been annexed with this Annual Report.
- X)** M/s. SRB & Associates, Chartered Accountants (Firm's Registration No. 310009E) have been appointed as the Statutory Auditors of the Company. The particulars of payment of Statutory Auditors' fees, is given below:

**INR ₹ (Lakhs)**

| Particulars          | Amount |
|----------------------|--------|
| Statutory Audit Fees | 16.50  |
| Tax Audit Fees       | 3.50   |
| Total                | 20.00  |

### XI) MANAGEMENT DISCUSSION & ANALYSIS REPORT (MD&A REPORT)

The MD&A Report forms a part of the Directors' Report. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc., are discussed in the said Report.

## XII) INTIMATION TO STOCK EXCHANGES

All price sensitive information and matters which are material and relevant to shareholders are intimated to the Stock Exchange (ie. BSE Limited) where the securities of the Company are listed.

## XIII) FILING WITH BSE “LISTING CENTRE”

Pursuant to Regulation 10 (1) of the SEBI (LODR) Regulations, BSE has mandated the Listing Centre as the “Electronic Platform” for filing all mandatory filings and any other information to be filed with the Stock Exchanges by Listed

Entities. BSE also mandated XBRL submissions for Financial Results, Shareholding Pattern, Corporate Governance Report, Reconciliation of Share Capital Audit Report & Voting Results etc. All the data relating to financial results, various quarterly/half yearly /annual submissions/disclosure documents etc., have been filed Electronically/XBRL mode with the Exchange on the “Listing Centre” (<http://listing.bseindia.com>)

## XIV) LISTING ON STOCK EXCHANGES

The Company’s Ordinary shares are listed on BSE Limited in India:

| Stock Exchange | ISIN         | Stock Code | Address  | Website  |
|----------------|--------------|------------|--|--|
| BSE Limited    | INE099G01011 | 511672     | Phiroze Jeejeebhoy Towers,<br>Dalal Street, Kala Ghoda,<br>Fort, Mumbai-400 001.<br>India.<br>Tel: 91 22 2272 1233<br>Fax: 91 22 2272 1919 | <a href="http://www.bseindia.com">www.bseindia.com</a> |

## XV) REGISTRARS AND TRANSFER AGENTS

For communications regarding share transfer and dematerialization requests and all matters connected with share transfer, transmission, dividend payment is handled by the share transfer agent. Share transfers are processed within 15 days of lodgment., Members are requested to correspond with the Company’s Registrars and Transfer Agents – Adroit Corporate Services Pvt. Limited quoting their folio no./DP ID & Client ID at the following addresses: -

### Adroit Corporate Services Pvt Limited

17-20, Jafferbhoy Industrial Estate, 1<sup>st</sup> Floor, Makwana Lane, Marol Naka, Andheri (E), Mumbai-400 059. Tel: +91 22 42270400 / +91 22 42270423 / +91 22 42270427 / +91 22 42270422

Fax: +91 22 2850 3748, Email: [sandeeps@adroitcorporate.com](mailto:sandeeps@adroitcorporate.com) / [rameshg@adroitcorporate.com](mailto:rameshg@adroitcorporate.com) / [prafuls@adroitcorporate.com](mailto:prafuls@adroitcorporate.com)

Web Site: [www.adroitcorporate.com](http://www.adroitcorporate.com)

## XVI) NOMINATION FACILITY

Pursuant to Section 72 of the Companies Act, 2013 read with Rule 19(1) of the Companies (Share Capital & Debentures) Rules, 2014, nomination facility is available to the shareholders. This facility is mainly useful for shareholders holding the shares in single name. In cases where the shares are held in joint names, the nomination will be effective only in the event of death of all the joint holders.

Investors are advised to avail of this facility, especially those holding securities in single name, to avoid the expensive and long drawn process of transmission by law.

Shareholders who hold shares in the physical form and wish to make/change a nomination in respect of their shares in the Company, as permitted under section 72 of the Companies Act, 2013, may submit to RTA (Adroit Corporate Services Pvt. Limited), the prescribed Forms SH-13. The nomination form can be downloaded

from the company's website – www.scansteels.com under Investor relations segment. However, if the shares are held in dematerialised form, the nomination has to be intimated to your depository participants directly, as per the format prescribed by them.

#### **VII) SHARES HELD IN ELECTRONIC FORM**

Shareholders holding shares in electronic form may please note that instructions regarding change of address, bank or PAN details, nomination and power of attorney should be given directly to the DP.

#### **VIII) SHARES HELD IN PHYSICAL FORM**

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank or PAN details, nomination and power of attorney should be given to the Company's RTA viz. Adroit Corporate Services Pvt. Limited.

#### **XIX) ADDRESS FOR CORRESPONDENCE**

**Name, designation & address of Compliance Officer:**

**Mr. Prabir Kumar Das,**  
**Company Secretary and Compliance Officer,**  
 104/105, E-Square, 1<sup>st</sup> Floor, Subhash Road,  
 Vile - Parle - (E), Mumbai - 400057  
 Phone - 022-26185461/62 Fax - 022-  
 26185463

**In terms of Regulation 46(2)(j) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the designated email address for investor complaint is secretarial@scansteels.com. The email address of grievance redressal division is continuously monitored by the company's compliance officer.**

#### **XX) OTHER INFORMATION TO THE SHAREHOLDERS GREEN INITIATIVE**

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken

by the Ministry of Corporate Affairs, Government of India, enabling electronic delivery of documents including the Annual Report, Quarterly, Half-yearly results etc., to shareholders at their e-mail address previously registered with the Depository Participants (DPs)/ Company/Registrars & Transfer Agents.

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail address with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with Adroit Corporate Services Pvt Limited (RTA), by sending a letter, duly signed by the first/sole holder quoting details of Name of the First Registered Member, DP ID / Client ID / Folio No, E-mail ID, PAN No, Mobile No. OR send an email with the requisite details at info@adroitcorporate.com and to the Company at secretarial@scansteels.com

\* Request letter / consent for receiving documents in electronic mode is also attached with this annual report for the reference of the members of the Company.

#### **XXI) DEPOSITORY SERVICES**

Shareholders may write to the respective Depository or to **Adroit Corporate Services Pvt. Limited** for guidance on depository services.

Address for correspondence with Depositories are as follows:

- 1. National Securities Depository Limited** – Trade World, A Wing, 4th & 5th Floors, Kamala Mills Compound, Senapati Bapat Road, Lower Parel, Mumbai-400 013. Telephone: (022) 2499 4200, Facsimile: (022) 2497 6351, E-mail: info@nsdl.co.in, Website: www.nsdl.co.in
- 2. Central Depository Services (India) Limited** – Marathon Futurex, A-Wing, 25th floor, NM Joshi Marg, Lower Parel (East), Mumbai – 400013.

Phone: 91 - 22-2302-3333 , Fax: 91 - 22 - 2300 2035/2036.,

E-mail: helpdesk@cdslindia.com , Website: www.cdslindia.com

### **XXII) REMOTE E-VOTING AND VOTING ON THE DATE OF THE AGM**

To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility as well as the e-voting system on the date of the AGM. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL. Members, whose names appear on the register of members as on 23<sup>rd</sup> September, 2021 shall be eligible to participate in the e-voting.

### **XXIII) DESIGNATED DEPOSITORY**

SEBI, vide circular dated December 01, 2015, had introduced system-driven disclosures in securities market detailing the procedure to be adopted for its implementation with effect from January 01, 2016. The procedure was further streamlined vide SEBI circular dated December 21, 2016. As specified in SEBI circular dated December 01, 2015, the system is being implemented in phases and in the **first phase**, the disclosures of promoter/promoter group under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and SEBI (Prohibition of Insider Trading) Regulations, 2015 have been implemented, company had given required details about the same to concern authorities.

As per SEBI circular dated May 28, 2018 for implementation of the **next phase** of systems driven disclosure, Company had already provided to both depositories the information about its directors and employees in the manner prescribed by the depositories.

Further, as per SEBI circular dated September 09, 2020 systems driven disclosure was further implemented on Members of Promoter Group and

designated persons in addition to the promoters and directors and in compliance with the said circular Company had already provided the said details to its Designated Depository.

Company has appointed Central Depository Services (India) Limited ("**CDSL**") as its **Designated Depository** in order to comply with the SEBI Circular No. IMD/FPIC/CIR/P/2018/61 dated April 5, 2018 regarding Monitoring of Foreign Investment limits in listed Indian companies.

**XXIV) All Mandatory requirements have been appropriately complied with.**

### **XXV) NON-COMPLIANCE OF ANY REQUIREMENT OF CORPORATE GOVERNANCE**

There are no instances of non-compliance of Corporate Governance Report as mentioned in sub-paras (2) to (10) of para (C) of schedule V.

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

### **XXVII) ADOPTION OF DISCRETIONARY REQUIREMENTS:**

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

- i. **The Board & Separate posts of Chairman and CEO:** The positions of the Chairman and the CEO (WTD) are separate. Mr. Rajesh Gadodia, Non-Executive Chairman of the Company maintains office at the Company's expenses and is also allowed reimbursement of expenses incurred in performance of his duties.
- ii. **Shareholders' Rights:** As the quarterly, half yearly and annual financial performance



including summary of significant events are published in the newspapers, communicated to the stock exchanges and also posted on the Company's website under - the Investor Relation Corner. The complete Annual Report is sent to every Shareholders of the Company. However the half yearly declaration of financial performance including summary of the significant events in the last six months, are not being sent separately to each household of Shareholders.

- iii. **Modified Opinion in Auditors Report:** It has always been the Company's endeavour to present financial statements with unmodified audit opinion. The Statutory Auditors have issued an unmodified audit opinion on the Company's financial statements for the year ended 31<sup>st</sup> March, 2021.

- iv. **Reporting of Internal Auditor:** The Internal Auditor of the Company directly reports to the Audit Committee on functional matters.

The Company has submitted quarterly compliance report on Corporate Governance with the Stock Exchanges, in accordance with the requirements of Regulation 27(2)(a) of the Listing Regulations.

#### **XXV) COMPLIANCE WITH ACCOUNTING STANDARDS**

The Company has followed Indian Accounting Standards ("Ind AS") in the preparation of the Financial Statements for accounting periods beginning on or after 1st April, 2020, with the comparatives for the periods ending 31st March, 2021, as per the roadmap announced by Ministry of Corporate Affairs Companies. The significant accounting policies which are consistently applied have been set out in the Notes to the Financial Statements.

### **DECLARATION AFFIRMING COMPLIANCE OF CODE OF CONDUCT**

As provided under Regulation 26(3) and In terms of Schedule V (D) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015, and as per 'affirmation of compliance' letters received from the Directors and the members of senior managerial personnel of the Company I, Ankur Madaan, Whole - Time Director of Scan Steels Limited hereby declare that all the Board Members and the members of Senior Management of the company have complied with the Code of Conduct of the Company during the financial year 2020-21.

Place: Bhubaneswar  
Date: 25th August, 2021

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



**Certificate pursuant to the provisions of Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

**To,  
The Members of  
SCAN STEELS LTD.**

104-105, "E- Square", 1<sup>st</sup> Floor, Subhash Road,  
Opp. Havmor Ice Cream, Vile Parle [E], Mumbai – 400057

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Scan Steels Limited having CIN - **L27209MH1994PLC076015** and having registered office at 104-105, "E- Square", 1<sup>st</sup> Floor, Subhash Road, Opp. Havmor Ice Cream, Vile Parle [E], Mumbai – 400057 (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 Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, and considering the relaxations granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID-19 pandemic We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2021 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director    | DIN             | Date of appointment in Company |
|---------|---------------------|-----------------|--------------------------------|
| 1       | Rajesh Gadodia      | <b>00574465</b> | 14.03.2014                     |
| 2       | Ankur Madaan        | <b>07002199</b> | 24.10.2014                     |
| 3       | Praveen Kumar Patro | <b>02469361</b> | 30.05.2018                     |
| 4       | Punit Kedia         | <b>07501851</b> | 24.05.2016                     |
| 5       | Vinay Goyal         | <b>07002206</b> | 24.10.2014                     |
| 6       | Debjani Sahu        | <b>02674022</b> | 26.03.2015                     |

Ensuring the eligibility of for the appointment/ 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.

For M/s. AMARENDRA MOHAPATRA & ASSOCIATES

**Sd/-**  
**Amarendra Mohapatra**  
Company Secretaries  
M. No.: A26257  
C.P. No. : 14901

Place: Bhubaneswar  
Date: 25th August, 2021

**COMPLIANCE CERTIFICATE**

**To**  
**The Members of**  
**Scan Steels Limited**

**Sub: CEO/ CFO certification to the Board Pursuant to Regulation 17(8) read with Part B of Schedule II of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, Ankur Madaan, Whole –Time Director (CEO) and Gobinda Chandra Nayak, CFO, of Scan Steels Limited, hereby certify that:

- a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2021 and to the best of our knowledge and belief:
  - I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - II. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.
- b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2021 are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
- d)
  - i) There has not been any significant change in internal control over financial reporting during the year under reference;
  - ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Bhubaneswar  
Date: 25th August, 2021

**Sd/-**  
**Ankur Madaan**  
Whole- Time Director

**Sd/-**  
**Gobinda Chandra Nayak**  
Chief Financial Officer

## MANAGEMENT RESPONSIBILITY STATEMENT

The financial statements are in full conformity with the requirements of the Companies Act, 2013 and the Accounting Standards issued by the Central Government. The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgments relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the Company has

installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our auditors have conducted audits to provide reasonable assurance that the company's established policy and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls. These financial statements have been audited by M/s. SRB & Associates, Chartered Accountants, Bhubaneswar, the Statutory Auditors of the Company.

Place: Bhubaneswar  
Date: 25th August, 2021

For and on Behalf of the Board

**Sd/-**  
**Ankur Madaan**  
Whole-Time Director  
(DIN: 07002199)



# **FINANCIAL STATEMENTS**

**2020-21**

## Independent Auditors' Report

### To the Members of Scan Steels Limited Report on the Financial Statements Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, its Profit, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under

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

### Key Audit Matters

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





| Sl.No. | Key audit Matter   | Auditor's Response  |
|--------|--|---|
| 1.     | <p>Application of <b>Ind AS 115 “Revenue from Contract with Customers”</b>) involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Disclosures which involve collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Notes 1.5 and 1.7 to the Financial Statements.</p> | <p><b>Principal Audit Procedures</b></p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>▪ Evaluated the design of internal controls relating to implementation of the new revenue accounting standard.</li> <li>▪ Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, reperformance and inspection of evidence in respect of operation of these controls.</li> <li>▪ Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the new revenue accounting standard.</li> <li>▪ Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>▪ Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>▪ Compared these performance obligations with that identified and recorded by the Company.</li> <li>▪ Considered the terms of the contracts to determine the transaction parties including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation of the variable consideration.</li> </ul> </li> <li>▪ Sample in respect of revenue recorded for time and material contracts were tested using a combination of approved time sheets including customer acceptances, subsequent invoicing and historical trend of collections and disputes.</li> <li>▪ In respect of samples relating to fixed price contract progress towards satisfaction of performance obligation used to compute recorded revenue was verified with actual and estimated efforts from the time recording and budgeting systems. We also tested the access and change to management controls relating to these systems.</li> <li>▪ Sample of revenues disaggregated by type and service offering was tested with the performance obligations specified in the underlying contracts.</li> <li>▪ Performed analytical procedures for reasonableness of revenues disclosed by type and service offerings.</li> <li>▪ We reviewed the collation of information and the logic of the report generated from the budgeting system used to prepare the disclosure relating to the periods over the remaining performance obligations will be satisfied subsequent to the balance sheet date.</li> <li>▪ The standard is applied retrospectively and the cumulative effect of applying this standard is recognized. The adoption of Ind AS 115 did not have any significant impact for the company.</li> </ul> |

|           |   |  |
|-----------|---|--|
| <p>2.</p> | <p><b>Evaluation of uncertain tax positions</b></p> <p>The company has material uncertain tax positions including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p> <p>Refer Note 25 to the Financial Statements.</p>                         | <p><b>Principal Audit Procedures</b></p> <p>Obtained details of completed tax assessments and demands for the year ended March 31, 2021 from management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions. Additionally, we considered the effect of new information in respect of uncertain tax positions as at April 1, 2020 to evaluate whether any change was required to management's position on these uncertainties.</p>  |
| <p>3</p>  | <p><b>Contingent Liabilities against litigation and claims</b></p>  | <p>We have obtained an understanding of the company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:</p> <ul style="list-style-type: none"> <li>▪ Understood and tested the design and operating effectiveness of control established by the management for obtaining all relevant information for pending litigation cases.</li> <li>▪ Discussed with the management any material developments and latest status of legal matters.</li> <li>▪ Read various correspondences and related documents pertaining to litigation cases and relevant external legal opinions obtained by the management and performed various substantive procedures on calculation supporting the disclosure of contingent liabilities.</li> <li>▪ Examined management's judgment and assessment those matters that are not disclosed as the probability of material outflow is considered to be remote.</li> <li>▪ Reviewed the adequacy and completeness of disclosures.</li> </ul> <p>Based on the above procedures performed estimation and disclosure of contingent liabilities are considered to be adequate and reasonable.</p> |
| <p>4.</p> | <p><b>a) Disclosure for COVID 19</b></p> <p>The Company has assessed the potential impact of COVID -19 and no impact is expected on its ability to continue as a going concern and meeting its obligation since the majority of the company's existing arrangement in production and sales is not affected.</p> | <p>We have obtained an understanding of the requirement as per ICAI guideline and SEBI circular dated 20 May,2020 relating to COVID -19 and following audit procedure were adopted.</p>  |

**b) Modified Audit Procedure because of COVID-19**

Because of extended period of lockdown in the country due to pandemic and consequent travel restrictions, audit in the operating locations of the company could not be undertaken. Accordingly, the audit procedure required modification to facilitate remote location audit.

Discussed with the management to understand the business and assessed if there was any impact on production, sales, capital projects and inventory management.

Assessed the impact on property, plant and equipment and effect on on going contracts and arrangement. Based on the audit procedures involved, we found assessment made by the management in relation to impact as reasonable.

To complete the audit from a remote location within a prescribed time schedule a road map was prepared and discussed with the company. The company provided us access to their accounting system for verification of books of accounts and various documents backed by tele conference, video conference, email and other communication systems to complete the audit.

We also verified the scanned document produced to us from time to time as audit evidences.

Our observations were addressed through regular video conferences and scanned documents.

We also relied upon and performed audit procedures in accordance with guidance issued by the Institute of Chartered Accountants of India for the audit and accounting procedures under COVID situation.

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

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

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

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

otherwise appears to be materially misstated.

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

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the

Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the **Annexure-A** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness

of such controls, refer to our separate Report in “**Annexure B**”.

g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer **Note 25** to the financial statements;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

15th June, 2021  
Bhubaneswar  
UDIN: 21306323AAAADL2138

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

**Sd/-**  
**K. P. Swain**  
Partner  
M. No: 306323





## Annexure-A to the Independent Auditors' Report (Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

The Annexure referred to in our Independent Auditor's Report to the members of **Scan Steels Limited** (the Company) on the Ind AS financial statements for the year ended March 31, 2021, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, a portion of fixed asset has been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) The deed of immovable properties are held in the name of the Company in almost all cases excepting for
  - ✓ Freehold land of 7.68 Acres situated in Village Raiberna and Laing, Sundergarh, Odisha which is in the name of M/s. Shristi Ispat Limited, the company which was merged in to this company during 2005.
  - ✓ Land of 24.820 Acres occupied, by the company situated in Village-Kudithini, Bellary, Karnataka, on long term lease basis.
  - ✓ Land of 7.95 Acres occupied, by the company situated in Village-Raiberna and Laing, Sundergarh, Odisha, which is in the name of one of the relative of Key Managerial Personnel, on long term lease basis.
  - ✓ Land area of Acres 5.000 occupied, by the company situated in Village-Laing, Sundergarh, Odisha, on long term lease basis.
- (ii) a. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b. The discrepancies noticed on the aforesaid verification between the physical stocks and book records were not material.
- (iii) According to the information and explanations given to us, no loan has been granted by the Company (secured/ unsecured loans) to companies/ firms/ limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly reporting on interest and its repayment are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public and complied in accordance with Chapter-VI (section 73 to 76) of the Act.
- (vi) We have reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, duty of customs, duty of excise, goods and services tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company

with the appropriate authorities. There were no undisputed statutory dues payable as at March 31, 2021 which were outstanding for a period of more than six months from the date, they become payable.

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

### STATEMENT OF DISPUTED DUES

| Name of the Statute   | Nature of Dues | Period to which the amount relates | Amount (In Rs 'Lakhs') | Forum where dispute is pending                              |
|-----------------------|----------------|------------------------------------|------------------------|---|
| Custom Act 1962       | Custom Duty    | 2012 & 2013                        | 111.58                 | Customs, Excise & Service Tax Appellate Tribunal, Bangalore |
| SEBI Act              | SEBI           | 01.04.2014 to 30-09-2015           | NIL                    | Securities Appellate Tribunal                               |
| Central Sales Tax Act | CST            | 01.04.2012 to 31.03.2014           | 5.38                   | Commissioner Cuttack, Revision                              |
|                       |                | 01.04.2014 to 30.09.2015           | 1.54                   | DCCT, Rourkela  |
|                       |                | 01.04.2016 to 31.03.2017           | 0.25                   | DCCT, Rourkela  |
|                       |                | 01.08.2008 to 28.02.2011           | 3.18                   | Additional CST Northern Zone                                |
|                       |                | 2005-2006                          | 2.11                   | High Court of Odisha, Cuttack                               |
|                       |                | 2006-2007                          | 153.29                 | High Court of Odisha, Cuttack                               |
|                       |                | 2007-08 & 2008-09                  | 0.93                   | Additional CST Northern Zone                                |
| Entry Tax Act         | Entry Tax      | 01.04.2009 to 31.03.2011           | 4.55                   | Additional CST Northern Zone                                |
|                       |                | 01.04.2012 to 31.03.2014           | 18.74                  | Commissioner Cuttack, Revision                              |
|                       |                | 01.08.2008 to 28.02.2011           | 315.77                 | OST Tribunal, Cuttack / Stay Revision Commissioner          |
|                       |                | 2001-2002                          | 0.09                   | Sales Tax Tribunal, Cuttack                                 |
|                       |                | 2004-2005                          | 3.45                   | OST Tribunal, Cuttack                                       |
|                       |                | 2005-2006                          | 16.79                  | High Court of Odisha, Cuttack                               |
|                       |                | 2006-2007                          | 30.73                  | High Court of Odisha, Cuttack                               |
|                       |                | 2007-08 & 2008-09                  | 0.67                   | Additional CST Northern Zone                                |

|                      |     |                          |         |  |
|----------------------|-----|--------------------------|---------|--|
| Odisha Sales Tax Act | OST | 2001-2002                | 0.63    | Sales Tax Tribunal, Cuttack                        |
|                      |     | 2002-2003                | 11.00   | Assistant Commissioner of Commercial Tax, RKL      |
|                      |     | 2004-2005                | 3.66    | OST Tribunal, Cuttack                              |
| OVAT ACT             | OVT | 2006-2007                | 14.38   | Odisha Sales Tax Tribunal, Cuttack                 |
|                      |     | 01.04.2009 to 31.03.2011 | 1.98    | Additional CST Northern Zone                       |
|                      |     | 01.04.2015 to 31.03.2016 | 2.20    | Assistant Commissionaire of Taxes, Rourkela        |
|                      |     | 01.04.2016 to 31.06.2017 | 0.95    | Assistant Commissionaire of Taxes, Rourkela        |
| OVAT ACT             | OVT | 01.08.2008 to 28.02.2011 | 1499.34 | OST Tribunal, Cuttack / Stay Revision Commissioner |
|                      |     | 2007-08 & 2008-09        | 1.10    | Additional CST Northern Zone                       |

- (viii) The company has not defaulted in repayment of any loans or borrowings from financial institution, bank, Government or due to debenture holders.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud by the Company or on by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and the details of such transactions

have been disclosed in the Ind AS financial statements of the Company as required by the applicable accounting standards.

[xiv] Based upon audit procedures performed and the information and explanations given by the management the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, hence the clause [xiv] of the paragraph 3 of the Order is not applicable.

[xv] The Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of clause 3[xv] of the Order are not applicable to the Company.

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

15th June, 2021  
Bhubaneswar  
UDIN: 21306323AAAADL2138

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

**Sd/-**  
**K. P. Swain**  
Partner  
M. No: 306323



## Annexure -B to the Independent Auditors' Report

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

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

We have audited the internal financial controls over financial reporting of **Scan Steels Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

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

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over

Financial Reporting (the "Guidance Note") and the Standards on Auditing, (the 'Standards') issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

15th June, 2021  
Bhubaneswar  
UDIN: 21306323AAAADL2138

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

**Sd/-**  
**K. P. Swain**  
Partner  
M. No: 306323

**Balance Sheet as at 31st March'2021**

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

Notes forming part of financial statements

1 to 46

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

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

Sd/-  
**K. P. Swain**  
Partner  
M.No.306323  
June-15,2021, Bhubaneswar

Sd/-  
**Ankur Madaan**  
Director  
DIN: - 07002199

Sd/-  
**Prabir Kumar Das**  
Company Secretary

Sd/-  
**Praveen Kumar Patro**  
Director  
DIN: - 02469361

Sd/-  
**Gobinda Ch. Nayak**  
Chief Financial Officer

## Statement of Profit and Loss

for the period ended 31st March, 2021

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

Notes forming part of financial statements

1 to 46

As per our report of even date attached.

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

**Sd/-**  
**K. P. Swain**  
Partner  
M.No.306323  
June-15,2021, Bhubaneswar

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

**Sd/-**  
**Ankur Madaan**  
Director  
DIN: - 07002199

**Sd/-**  
**Prabir Kumar Das**  
Company Secretary

**Sd/-**  
**Praveen Kumar Patro**  
Director  
DIN: - 02469361

**Sd/-**  
**Gobinda Ch. Nayak**  
Chief Financial Officer

## Statement of Changes in Equity

for the year ended 31st March, 2021

### A. Equity Share Capital

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

### B. Other Equity

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

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

Sd/-  
**K. P. Swain**, Partner  
M.No.306323  
June 15, 2021, Bhubaneswar

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

Sd/-  
**Ankur Madaan**  
Director  
DIN: - 070002199

Sd/-  
**Praveen Kumar Patro**  
Director  
DIN: - 02469361

Sd/-  
**Prabir Kumar Das**  
Company Secretary

Sd/-  
**Gobinda Ch. Nayak**  
Chief Financial Officer

## Statement of Cash Flow

for the Year Ended 31st March, 2021

(Rupees in INR' Lakhs)

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

As per our report of even date attached.

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

**Sd/-**  
**K. P. Swain**  
Partner  
M.No.306323  
June-15,2021, Bhubaneswar

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

**Sd/-**  
**Ankur Madaan**  
Director  
DIN: - 07002199

**Sd/-**  
**Praveen Kumar Patro**  
Director  
DIN: - 02469361

**Sd/-**  
**Prabir Kumar Das**  
Company Secretary

**Sd/-**  
**Gobinda Ch. Nayak**  
Chief Financial Officer



**NOTES TO  
FINANCIAL STATEMENTS**

**2020-21**

## Notes forming part of Financial Statements

### Note -1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Company Overview

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

#### 1.2 Basis of Preparation

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

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

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

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

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

#### 1.3 Use of Estimates :

- (i) The preparation of the financial statements are in conformity with Indian Accounting

Standards (Ind AS) that requires management to make judgment estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and disclosures relating to contingent liabilities as at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and action uncertainty above these consumptions and estimates could not in the outcomes requiring a material adjustments to the carrying amounts of assets and liabilities in future periods.

- (ii) Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.
- (iii) Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact and that are believed to be reasonable under the circumstances.
- (iv) All the assets and liabilities have been classified as current and non-current as per the company's normal operating cycle of twelve months and other criteria set out in Schedule-III of the Companies Act, 2013.

#### 1.4 Property, Plant and Equipment, Intangible Assets and Capital Work-in-Progress

##### i. Property, Plant and Equipment

- a) Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
- b) The whole of the finance charges paid on assets acquired under Hire Purchase Scheme are considered as "Unmatured finance charges" under the head "Other Current Assets" in the Balance sheet. Subsequently, at the end of the year the portion of finance charges is transferred to profit & loss account on the basis of the number of instalments due during the year.

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

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

##### iii. Intangible Assets :

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

a definite useful life using the straight-line method.

##### iv. Capital Work-in-Progress

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

#### 1.5 Revenue Recognition :

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

#### 1.6 Inventories :

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

- a) Raw materials, components and stores & spares are valued at cost following FIFO method. Cost includes purchase price, freight, handling charges and other directly attributable costs to bring the material to its present location and are net of duties and taxes wherever applicable.
- b) Semi-finished goods, finished goods and traded goods are valued at lower of cost or Net realizable value. Cost includes direct materials, labour and a proportion of manufacturing overheads based on average cost of production.

- c) Cost of finished goods inside the plant is exclusive of GST
- d) Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

## 1.7 Financial Instruments

### Initial Recognition

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

### Subsequent Recognition

#### i. Financial Assets

##### a) Measured at amortised cost:

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

##### b) Measured at fair value through other comprehensive income:

Financial assets are measured at fair value through other comprehensive income if

these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows on specified dates to cash flow that are solely payments of principal and interest on the principal amount outstanding and selling financial assets.

##### c) Measured at fair value through profit or loss:

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

##### d) Equity instruments:

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

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

#### ii. Financial Liabilities

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

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

#### iii De-Recognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it

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

### 1.8 Borrowings :

- i. Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.
- ii. Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The cost on these preference shares are recognised in profit or loss as finance costs.
- iii. Borrowings are withdrawn from the balance sheet when obligations specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party

and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in Statement of profit and loss as other gains/(losses).

- iv. Borrowings are classified as current liabilities unless the entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current and if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

### 1.9 Employee Benefits :

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

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

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



**(ii) Post-employment obligations**

“The entity operates the following post-employment schemes:

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

**Provident fund obligations**

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

**Gratuity and Superannuation obligations**

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

**(iii) Bonus plans**

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

**1.10 Foreign currency translation :****(i) Functional and presentation currency**

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

**(ii) Transactions and balances**

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

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

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

**1.11 Income Tax :**

- i. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
- ii. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis

- of amounts expected to be paid to the tax authorities.
- iii. Current income tax expense comprises taxes on income from operations in India and is determined in accordance with the provisions of the Income Tax Act, 1961.
  - iv. Deferred income tax is provided in full, using the balance sheet approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
  - v. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
  - vi. Deferred tax assets and liabilities are set off when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are set off where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
  - vii. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.
- 1.12 Trade and Other Payables :**
- These amounts represent liabilities for goods and services provided to the entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.
- 1.13 Purchases :**
- Purchase of materials is recognized on dispatch of such goods by the suppliers based on certainty of receipt of such goods at the factory. It is shown net of GST credit wherever applicable.
- 1.14 Cash and Cash Equivalents :**
- For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of twelve months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.
- 1.15 Borrowing Costs :**
- a) General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time

that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

### 1.16 Segment Reporting :

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

### 1.17 Provisions & Contingent Liabilities:

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

by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

### 1.18 Fair value of Investments

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

### 1.19 Contributed Equity :

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

### 1.20 Rounding of Amounts :

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

## Notes forming part of Financial Statements

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

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

**Note-3:Investments**

| Particulars  | As at<br>31st March'2021<br>INR 'Lakhs' | As at<br>31st March'2020<br>INR 'Lakhs' |
|--|---|---|
| <b>Investments at fair value through OCI (fully paid)</b>                                |   |   |
| <b>Quoted Shares</b>   |   |   |
| 369481 nos equity shares of Globus Corporation Limited.<br>(31st March,2020:369481 Nos)  | 0.70                                    | 0.70                                    |
| 25363 nos equity shares of Matra Reality Limited.<br>(31st March,2020:25363 Nos)         | -                                       | 0.09                                    |
| 31474 nos equity shares of PFL Infotech Ltd.<br>(31st March,2020:31474 Nos)              | 1.18                                    | 1.35                                    |
| 55449 nos equity shares of Polytex India Limited.<br>(31st March,2020:55449 Nos)         | 1.22                                    | 0.39                                    |
| 15000 nos equity shares of Shri Bajrang Aliance Ltd<br>(31st March,2020:360370 Nos)      | 21.53                                   | 63.43                                   |
| 30000 nos equity shares of Steel Exchange India Limited.<br>(31st March,2020:103439 Nos) | 18.80                                   | 13.40                                   |
| 13558 nos equity shares of VMS Industries Ltd.<br>(31st March,2020:13558 Nos)            | 1.04                                    | 1.08                                    |
| <b>Un-Quoted Shares</b>  |   |   |
| 4360 nos equity shares of Millenium Cybertech Limited.<br>(31st March,2020:4360 Nos)     | 0.05                                    | 0.05                                    |
| 25363 nos equity shares of Matra Realty Limited.   | 0.08                                    | -                                       |
| <b>Total</b>   | <b>44.59</b>                            | <b>80.49</b>                            |
| Aggregate cost price of quoted shares  | 26.33                                   | 102.50                                  |
| Aggregate market value of quoted shares  | 44.46                                   | 80.44                                   |

**Note -4. Other Financial Assets**

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

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

|  |               |               |
|--|---------------|---------------|
| Earmarked Balances with Banks                  |               |               |
| Term Deposits with Bank                        | 169.90        | 169.05        |
| Margin money,guarantee and security with banks | 68.51         | 68.51         |
| <b>Total</b>                                   | <b>238.42</b> | <b>237.56</b> |

\*The margin money in form of fixed deposits (kept for more than 12 months) earmarked for issuing Bank Guarantee.Fixed deposits face value of INR 90 lakhs held as collateral security with lead bank State Bank of India on behalf of other consortium member banks.



**Note-5 :Other Assets**

| Particulars                          | As at<br>31st March'2021<br>INR 'Lakhs' | As at<br>31st March'2020<br>INR 'Lakhs' |
|--------------------------------------|---|---|
| <b>(i)Non-Current</b>                |   |   |
| Advance against Property             | 135.36                                  | 329.25                                  |
| Advance For Capital Goods            | -                                       | 305.00                                  |
| Balances with Government Authorities | 540.65                                  | 522.80                                  |
| Unmatured Financial Charges          | 2.08                                    | 6.74                                    |
| <b>Sub-Total</b>                     | <b>678.09</b>                           | <b>1,163.79</b>                         |
| <b>(ii)Current</b>                   |   |   |
| Advance to Suppliers & Expenses      | 1,143.95                                | 947.11                                  |
| Balances with Government Authorities | 879.14                                  | 700.97                                  |
| Insurance claim receivable           | 45.61                                   | 50.78                                   |
| Prepaid Expenses                     | 40.55                                   | 71.86                                   |
| Unmatured Financial Charges          | 4.50                                    | 8.32                                    |
| <b>Sub-Total</b>                     | <b>2,113.76</b>                         | <b>1,779.04</b>                         |
| <b>Total</b>                         | <b>2,791.84</b>                         | <b>2,942.83</b>                         |

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

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

**Note-7 Inventories**

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

**Note 8 Trade Receivables**

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

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

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

**Note-9 Cash and Bank Balances**

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

**Note-10:Equity Share Capital**

| Particulars   | As at<br>31st March'2021<br>INR 'Lakhs' | As at<br>31st March'2020<br>INR 'Lakhs' |
|---|---|---|
| <b>Equity Share Capital</b>                                 |   |   |
| <b>a) Authorised</b>  |   |   |
| 550 lakhs Nos of Equity shares of 10/- each                 | 5,500.00                                | 5,500.00                                |
| 150 lakhs Nos of Preference shares of 10/- each             | 1,500.00                                | 1,500.00                                |
| (550 lakhs Nos of Equity shares of 10/- each)               |   |   |
| (150 lakhs Nos of Preference shares of 10/- each)           | <b>7,000.00</b>                         | <b>7,000.00</b>                         |
| <b>b) Issued, Subscribed and Paid Up [Ref Note 2(v)]</b>    |   |   |
| <b>Equity Shares:</b>                                       |   |   |
| 523.52 lakhs Nos of shares of 10/- each fully paid up       | 5,235.23                                | 5,235.23                                |
| (P.Y 523.52 lakhs Nos of shares of 10/- each fully paid up) |   |   |
| <b>Total</b>  | <b>5,235.23</b>                         | <b>5,235.23</b>                         |

| <b>i) Reconciliation of number of equity shares are set out below:</b> |                     |               |                     |               |
|--|---------------------|---------------|---------------------|---------------|
| a) Shares outstanding at the beginning of the financial year.          |                     |               | 523.52              | 523.52        |
| b) Issued during the year  |                     |               | -                   | -             |
| <b>Shares outstanding at the end of the financial year</b>             |                     |               | <b>523.52</b>       | <b>523.52</b> |
| <b>d) Details of shareholders holding more than 5% of shares</b>       |                     |               |                     |               |
| <b>Name of the Shareholders</b>  | <b>No.of Shares</b> | <b>% held</b> | <b>No.of Shares</b> | <b>% held</b> |
| i) Rajesh Gadodia  | 49.70               | 9.49%         | 35.36               | 6.75%         |
| ii) Archana Gadodia  | 31.45               | 6.01%         | 13.63               | 2.60%         |
| iii) Nimish Gadodia  | 16.26               | 3.11%         | 34.08               | 6.51%         |
| iv) Artline Commerce Pvt Ltd   | 95.67               | 18.27%        | 95.67               | 18.27%        |
| v) Bayanwala Brothers (p ) Limited                                     | 53.84               | 10.28%        | 53.84               | 10.28%        |
| vi) ORBIS Financial Corporation Limited                                | -                   | 0.00%         | 45.00               | 8.60%         |
| vii) Florence Securities Pvt Ltd                                       | 35.00               | 6.69%         | 35.00               | 6.69%         |

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

**Note- 11. Other Equity**

| <b>Particulars</b>   | <b>As at<br/>31st March'2021<br/>INR 'Lakhs'</b> | <b>As at<br/>31st March'2020<br/>INR 'Lakhs'</b> |
|--|--|--|
| <b>a.General Reserve</b>   |  |  |
| Opening Balance  | 1,344.12   | 1,344.12   |
| Add:-Additions during the year                                   |  |  |
| <b>Subtotal</b>  | <b>1,344.12</b>                                  | <b>1,344.12</b>                                  |
| <b>b.Securities Premium</b>                                      |  |  |
| Opening Balance  | 19,864.84  | 19,864.84  |
| Add:-Additions during the year                                   | -  | -  |
| <b>Subtotal</b>  | <b>19,864.84</b>                                 | <b>19,864.84</b>                                 |
| <b>c. Capital Reserve</b>  |  |  |
| Opening Balance  | 554.73   | 554.73   |
| Add:-Additions during the year                                   | -  | -  |
| <b>Subtotal</b>  | <b>554.73</b>                                    | <b>554.73</b>                                    |
| <b>d. Reserve for investments at Fair Value through OCI</b>      |  |  |
| Opening Balance  | (22.06)  | (34.78)  |
| Add: Net fair value gain/(loss) on investments during the period | 40.18  | 12.73  |
| <b>Subtotal</b>  | <b>18.13</b>                                     | <b>(22.06)</b>                                   |

|                                    |  |                  |                  |
|------------------------------------|--|------------------|------------------|
| <b>e. Retained Earnings</b>        |  |                  |                  |
| Opening Balance                    |  | (75.56)          | (107.46)         |
| Add: Profit/(Loss) during the year |  | 3,074.57         | 31.90            |
| <b>Subtotal</b>                    |  | <b>2,999.00</b>  | <b>(75.56)</b>   |
| <b>Total</b>                       |  | <b>24,780.81</b> | <b>21,666.07</b> |

**Note-12. Borrowings**

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

\* The Company has allotted in earlier years 12,849,605 Number of 1% Non - Convertible & Non-Cumulative Redeemable Preference Shares (NCRPS), at face value of Rs. 10 each fully paid up with a premium of Rs. 30 each. The preference shareholders have preferential right over payment of dividend and settlement of principal amount upon liquidation, over common shareholders. The dividend shall be paid out upon availability of profits. The preference shares shall be redeemed out of profits or out of the proceeds of fresh issue of shares after the end of the Fifth year but within a period of 20 years either in one or on more tranches as may be determined by the board of directors of the company in its absolute discretion at such price as may be decided but in any case not less than price of Rs.44 per share. However, the company has set aside the premium component (i.e Rs.4.00 per preference share) out of profits of the company by debiting statement of profit & loss account in the head "Cost of Preference Shares under Note 21- Finance Cost"

**Note-13. Trade Payables**

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

**Note-14. Other financial liabilities**

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

**Note-15. Other Current Liabilities**

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

**Note-16 Revenue from Operations**

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

Sale of products and services is exclusive of GST.

**Note-17 Other Incomes**

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



**Note-18 Cost of Raw Material Consumed**

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

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

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

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

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

**Note-20 Employee Benefit Expenses**

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

**Note-21 Finance Cost**

| Particulars                           | As at<br>31st March'2021<br>INR 'Lakhs' | As at<br>31st March'2020<br>INR 'Lakhs' |
|---------------------------------------|---|---|
| Interest on Debts & Borrowings        | 935.65                                  | 1,270.06                                |
| Interest on finance lease obligations | 8.36                                    | 14.53                                   |

|                                      |                 |                 |
|--------------------------------------|-----------------|-----------------|
| Interest on Unsecured loans & Others | 137.06          | 105.98          |
| Cost of Preference Shares            | 5.97            | 102.76          |
| <b>Total</b>                         | <b>1,087.03</b> | <b>1,493.33</b> |

**Note-22 Other Expenses**

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

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

(All amounts in INR Lakhs, unless otherwise stated)

**Note -23 Earnings Per Share(EPS)**

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

**Note -24 Foreign Currency Transactions**

| Sl.No | Particulars  | 31st March 2021 | 31st March 2020 |
|-------|--|-----------------|-----------------|
| i)    | USD Outgo  | -               | 5,550           |
| ii)   | INR in 'Lakhs'   | -               | 3.95            |
| iii)  | Thailand Baht (THB) Outgo  | -               | 100,000         |
| iv)   | INR in 'Lakhs'   | -               | 2.32            |
| v)    | Amount of Exchange differences debited/(credited) to profit or loss (in Lakhs) | -               | 0.17            |

**Note - 25 Contingent Liabilities**

| Sl.No | Particulars  | 31st March 2021 | 31st March 2020 |
|-------|--|-----------------|-----------------|
| i.    | Estimated amount of contracts remaining to be executed on capital accounts and not provided for.   | Nil             | Nil             |
| ii.   | Claims against the Company not acknowledged as debts (Net of payment):   |                 |                 |
|       | a) Central Sales Tax   | 166.67          | 166.67          |
|       | b) OVAT/OST  | 1,535.25        | 1,535.33        |
|       | c) Orissa Entry tax  | 390.79          | 393.10          |
|       | d) Customs duty  | 111.58          | 111.58          |
|       | e) Income Tax  | -               | 184.75          |
|       | f) Securities Trading (SEBI)   | -               | 18.80           |
| iii   | Bank Guarantees  | 143.28          | 259.65          |
| iv    | Claims raised vide notice dated. 30.09.2016 by M/s Mahanadi Coalfields Limited, towards the reimbursement of Contribution to NMET Rs.6,27,549 for the period 12.01.2015 to 19.10.2015 where the company has Challenged before Hon'ble High Court of Orissa , granted interim stay in favour of the Company.  |                 |                 |
|       | NMET   | 6.28            | 6.28            |
| v     | Claims raised vide letter dtd. 07.11.2016 by the OMC Ltd. towards the reimbursement of contribution to DMF Rs. 7,88,121 & NMET Rs. 78,191 for the period 17.09.2015 to 15.01.2016 and 14.08.2015 to 10.02.2016 respectively where the Company had challenged before Hon'ble High Court of Orissa. As per the verdict, the company has discharged the liability by paying full amount to OMC Ltd. | -               | 8.66            |

However as per management perception, the above liabilities will not devolve upon the company in future.

During the year, the company has paid the entire demand amount including interest thereon to Securities And Exchange Board of India (SEBI) as per their demand notice received therein. However, the appeal is pending before Securities Appealete Tribunal (SAT) for final decision.

The company has given Corportate Guarantees to M/s Scan Energy & Power Limited to the tune of INR 2200.00 Lakhs (outstanding balance as on 31.03.2021) towards fund based limit extended by Assets Reconstruction Company (ARC). (Previous Year INR 2749.75 Lakhs)

**Note-26 Right of Recompense (ROR)**

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

**Note-27 Additional Disclosures As per Ind AS 108 "Operating Segments "****(i) Revenue From Customers Exceeding 10% of Total revenue**

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

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

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

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

**Note -28 RELATED PARTY DISCLOSURE AS PER Ind AS 24**
**(I) List of Related Parties  
Key Managerial Personnel**

|                          |   |
|--------------------------|---|
| Mr.Rajesh Gadodia        | Non Executive (Non-Independent) (Promoter) - Chairman |
| Mr.Ankur Madaan          | Whole-Time Director                                   |
| Mr Praveen Kumar Patro   | Executive Director                                    |
| Mr.Gobinda Chandra Nayak | Chief Financial Officer                               |

**Notes forming part of Financial Statements**

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

**Related Parties and Enterprises in which KMP (Promoter (Director)) has significant influence and Close Family Members of KMP(Promoter (Director))**

| Sl. No | Name                                   | Relationships            |
|--------|--|--------------------------|
| i)     | Mrs.Archana Gadodia                    | Relative of Promoter     |
| ii)    | Miss Shrishti Gadodia                  | Relative of Promoter     |
| iii)   | Mr.Sawarmal Gadodia                    | Relative of Promoter     |
| iv)    | Mr.Nimish Gadodia                      | Relative of Promoter     |
| v)     | Artline Commerce Private Limited       | Promoter & Related Party |
| vi)    | Scan Energy and Power Limited          | Related Party            |
| vii)   | Shrishti Trading Corporation Pvt. Ltd. | Related Party            |
| viii)  | Shrishti Resorts & Multiplex Pvt. Ltd. | Related Party            |

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

**(II) Related Party transactions**

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

**(III) Remuneration to Key Managerial Personnel**

| Sl. No | Name                     | 31st March 2021 | 31st March 2020 |
|--------|--------------------------|-----------------|-----------------|
| i)     | Mr.Ankur Madaan          | 6.00            | 6.00            |
| ii)    | Mr.Gobinda Chandra Nayak | 11.50           | 12.00           |
| iii)   | Mr Praveen Kumar Patro   | 7.12            | 7.43            |
| iv)    | Director Sitting Fees    | 0.16            | 0.07            |

**Note -29 ASSETS PROVIDED AS SECURITY**

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

**Note -30 Recognition of Corporate Guarantee as Financial Liability**

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

**Note -31 Micro, Small and Medium Enterprises (MSME) Dues Disclosure**

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

**Note -32 Estimated Useful Lives of Property Plant & Equipment (PPE)**

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



**Note -33 Fair value measurements**
**(i) Financial instruments by category:**

| Sl.No | Particulars                        | 31st March 2021 |  |                  |
|-------|------------------------------------|-----------------|--|------------------|
|       |                                    | FVPL            | FVOCI  | Amortised cost   |
|       |                                    |                 | Equity instruments designated as such upon initial recognition |                  |
| i)    | <b>Financial assets</b>            |                 |  |                  |
|       | Investments:                       |                 |  |                  |
|       | Equity instruments                 |                 | 44.46  | -                |
|       | Trade receivables                  |                 | -  | 2,817.93         |
|       | Cash and cash equivalents          |                 | -  | 283.41           |
|       | Others                             |                 | -  | 1,649.76         |
|       | <b>Total financial assets</b>      | -               | <b>44.46</b>   | <b>4,751.10</b>  |
| ii)   | <b>Financial liabilities</b>       |                 |  |                  |
|       | Borrowings                         |                 |  | 8,410.68         |
|       | Derivative financial liabilities   |                 |  | -                |
|       | Trade payables                     |                 |  | 1,377.99         |
|       | Other financial liabilities        |                 |  | 3,055.56         |
|       | <b>Total financial liabilities</b> | -               | -  | <b>12,844.24</b> |
| Sl.No | Particulars                        | 31st March 2020 |  |                  |
|       |                                    | FVPL            | FVOCI  | Amortised cost   |
|       |                                    |                 | Equity instruments designated as such upon initial recognition |                  |
| i)    | <b>Financial assets</b>            |                 |  |                  |
|       | Investments:                       |                 |  |                  |
|       | Equity instruments                 | -               | 80.44  | -                |
|       | Trade receivables                  | -               | -  | 3,025.11         |
|       | Cash and cash equivalents          | -               | -  | 179.47           |
|       | Others                             | -               | -  | 1,518.66         |
|       | <b>Total financial assets</b>      | -               | <b>80.44</b>   | <b>4,723.24</b>  |
| ii)   | <b>Financial liabilities</b>       |                 |  |                  |
|       | Borrowings                         |                 |  | 13,379.25        |
|       | Derivative financial liabilities   |                 |  | -                |
|       | Trade payables                     |                 |  | 2,871.42         |
|       | Other financial liabilities        |                 |  | 3,033.45         |
|       | <b>Total financial liabilities</b> | -               | -  | <b>19,284.13</b> |

**(ii) Fair value Hierarchy:**

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

(a) recognised and measured at fair value, and

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

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

|   | INR 'Lakhs'  |         |         |              |
|---|--------------|---------|---------|--------------|
| Financial assets and liabilities measured at fair value - recurring fair value measurements At 31st March, 2021 | Level 1      | Level 2 | Level 3 | Total        |
| <b>Financial assets</b>   |              |         |         |              |
| <b>Financial investments at FVPL</b>  |              |         |         |              |
| Equity instruments  |              |         |         | -            |
| Mutual funds  |              |         |         | -            |
| <b>Financial investments at FVOCI</b>   |              |         |         |              |
| Quoted equity investments   | 44.46        |         |         | 44.46        |
| Unquoted equity investments   | 0.13         |         |         | 0.13         |
| <b>Derivatives</b>  |              |         |         |              |
| Foreign exchange forward contracts  |              |         |         | -            |
| Foreign currency options  |              |         |         | -            |
| Interest rate swaps   |              |         |         | -            |
| <b>Total</b>  | <b>44.59</b> | -       | -       | <b>44.59</b> |
| Financial assets and liabilities measured at fair value - recurring fair value measurements At 31st March, 2020 | Level 1      | Level 2 | Level 3 | Total        |
| <b>Financial assets :</b>   |              |         |         |              |
| <b>Financial investments at FVPL</b>  |              |         |         |              |
| Equity instruments  |              |         |         |              |
| Mutual funds  |              |         |         |              |
| <b>Financial investments at FVOCI</b>   |              |         |         |              |
| Quoted equity investments   | 80.44        |         |         | 80.44        |
| Unquoted equity investments   | 0.05         |         |         | 0.05         |
| <b>Derivatives</b>  |              |         |         |              |
| Foreign exchange forward contracts  |              |         |         |              |
| Foreign currency options  |              |         |         |              |
| Interest rate swaps   |              |         |         |              |
| <b>Total</b>  | <b>80.49</b> | -       | -       | <b>80.49</b> |

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

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

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

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

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

### Note -34 : Financial risk management

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

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

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

#### (A) Credit risk

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

#### Credit risk management

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

VL1 : High-quality assets, negligible credit risk

VL2 : Quality assets, low credit risk

VL3 : Standard assets, moderate credit risk

VL4 : Sub-standard assets, relatively high credit risk

VL5 : Low-quality assets, very high credit risk

VL6 : Doubt full assets, credit-impaired

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

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

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

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

#### (B) Liquidity Risk

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

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

#### (i) Financing arrangements

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

| Particulars  | 31st March,<br>2021 | 31st March,<br>2020 |
|--|---------------------|---------------------|
| <b>Floating rate</b>   |                     |                     |
| Expiring within one year (bank overdraft and other facilities) | Nil                 | Nil                 |
| Expiring beyond one year (bank loans)                          | Nil                 | Nil                 |

#### (ii) Maturities of financial liabilities

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

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

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

INR in 'Lakhs'

| <b>Contractual maturities of financial liabilities<br/>31st March,2021</b> | <b>Upto 1 year</b> | <b>1 to 3 years</b> | <b>3 to 5 years</b> | <b>5 to 9 years</b> | <b>Total</b>     |
|--|--------------------|---------------------|---------------------|---------------------|------------------|
| <b>Non derivatives</b>   |                    |                     |                     |                     |                  |
| Borrowings(including cash credits)   | 3,620.60           | 1,176.96            | 1,078.96            | -                   | 5,876.52         |
| obligations under finance lease  | 34.87              | 33.31               | -                   | -                   | 68.18            |
| Trade payables   | 1,377.99           | -                   | -                   | -                   | 1,377.99         |
| Other financial liabilities  | 3,055.56           | -                   | -                   | -                   | 3,055.56         |
| <b>Total non derivative liabilities</b>                                    | <b>8,089.03</b>    | <b>1,210.27</b>     | <b>1,078.96</b>     | <b>-</b>            | <b>10,378.25</b> |
| <b>Derivatives (net settled)</b>   |                    |                     |                     |                     |                  |
| Foreign exchange forward contracts   | -                  | -                   | -                   | -                   | -                |
| Principal swap   | -                  | -                   | -                   | -                   | -                |
| <b>Total derivative liabilities</b>  | <b>-</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>         |
| <b>Contractual maturities of financial liabilities<br/>31st March,2020</b> | <b>Upto 1 year</b> | <b>1 to 3 years</b> | <b>3 to 5 years</b> | <b>5 to 9 years</b> | <b>Total</b>     |
| <b>Non derivatives</b>   |                    |                     |                     |                     |                  |
| Borrowings(including cash credits)   | 7,153.90           | 2,785.11            | 1,734.00            | -                   | 11,673.01        |
| obligations under finance lease  | 50.24              | 61.12               | -                   | -                   | 111.37           |
| Trade payables   | 2,871.42           | -                   | -                   | -                   | 2,871.42         |
| Other financial liabilities  | 3,033.45           | -                   | -                   | -                   | 3,033.45         |
| <b>Total non derivative liabilities</b>                                    | <b>13,109.01</b>   | <b>2,846.23</b>     | <b>1,734.00</b>     | <b>-</b>            | <b>17,689.24</b> |
| <b>Derivatives (net settled)</b>   |                    |                     |                     |                     |                  |
| Foreign exchange forward contracts   | -                  | -                   | -                   | -                   | -                |
| Principal swap   | -                  | -                   | -                   | -                   | -                |
| <b>Total derivative liabilities</b>  | <b>-</b>           | <b>-</b>            | <b>-</b>            | <b>-</b>            | <b>-</b>         |

**(C) Market Risk**

The company is not an active investor in equity market. It continues to hold certain investments in equity for long term value accretion which are accordingly measured at fair value through other comprehensive income. Accordingly, fair value fluctuations arising from market volatility is recognised in other comprehensive income.

**(i) Foreign Currency Risk**

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

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

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

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

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



**Interest rate risk exposure**

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

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

**(iii) Price risk**

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

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

**Note-35 : Capital Mangement****Risk management**

The company's objectives when managing capital are to:

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

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

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

| Particulars                     | 31st March,2021 | 31st March,2020 |
|---------------------------------|-----------------|-----------------|
| Net Debt                        | 9,287.24        | 14,241.34       |
| Total Equity                    | 30,016.04       | 26,901.30       |
| <b>Net debt to Equity Ratio</b> | <b>0.31</b>     | <b>0.53</b>     |

**Note -36 Nature and Purpose of Reserves Disclosed under Other Equity**

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

**Note -37 Covenants of Borrowings**
**(i) Details of Repayment Schedule, Rate of Borrowings**

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

\* The company has repaid entire amount during the year.

**(ii) Details of Security**

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

**Note -38**

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

**i Componentisation.**

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

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

**ii Stores and Spares**

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

**Note -39**

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

**Note -40****Auditors' Remuneration :**

INR 'Lakhs'

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

**Note -41**

The company has received intimations from some of the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. and hence disclosures, relating to amount unpaid as at the year end together with the interest paid /payable as required under the said act have been disclosed in Note No-13 to the Financial Statements.

**Note -42**

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

**Note -43**

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

**Note -44**

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

**Note -45****Corporate Social Responsibility (CSR) Activity :**

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

**Note -46**

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

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

**Sd/-**  
**K. P. Swain**  
Partner  
M.No.306323  
June 15, 2021, Bhubaneswar

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

**Sd/-**  
**Ankur Madaan**  
Director  
DIN: - 07002199

**Sd/-**  
**Prabir Kumar Das**  
Company Secretary

**Sd/-**  
**Praveen Kumar Patro**  
Director  
DIN: - 02469361

**Sd/-**  
**Gobinda Ch. Nayak**  
Chief Financial Officer



## SCAN STEELS LIMITED

Regd. Office: Off. No. 104,105, E-Square, 1st Floor, Subhash Road, Opp. Havmor Ice- Cream,  
Vile Parle (East), Mumbai - 57

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

### CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

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

To,  
Adroit Corporate Services Private Limited  
17-20, Jafferbhoy Industrial Estate,  
Makwana Lane, Marol Naka,  
Andheri (E),  
Mumbai-400 059.

Dear Sir,

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

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

FolioNo...../DPIDNo.\*.....andClientIDNo.\*.....

\*Applicable for members holding shares in electronic form.

Name of the Sole / First Shareholder : \_\_\_\_\_

Name of the Joint Shareholders (if any) : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

E-mail id for receipt of documents in

Electronic mode : \_\_\_\_\_

Date :

Signature: \_\_\_\_\_

Place:

(Sole / First Shareholder)

#### Note:

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





