



**Through 020 Online Filing / e-Mail**

SECY / SE / 2021 / 237-238  
Saturday, the 21<sup>st</sup> August, 2021

To,  
**The General Manager,**  
Department of Corporate Services,  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400001

To,  
The Manager, Listing Department,  
**National Stock Exchange of India Ltd.,**  
“Exchange Plaza”, C - 1, Block - G,  
Bandra – Kurla Complex, Bandra (East),  
Mumbai – 400001

**SUNFLAG IRON & STEEL CO. LTD.**

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

**Sub: Submission of 35<sup>th</sup> Annual Report of the Company for the Financial Year 2020-21.**

**Ref: Sunflag Iron and Steel Company Limited —BSE Scrip Code: 500404 / NSE Scrip Symbol: SUNFLAG**

Dear Sir/Madam,

Pursuant to the Regulation 34(1)(a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), we are submitting herewith the 35<sup>th</sup> Annual Report of the Company along with the Notice convening the Annual General Meeting (AGM) of the Company to be held on Monday, the 13<sup>th</sup> day of September, 2021 at 12.00 P.M. IST through Video Conferencing (‘VC’) / Other Audio- Visual Means (‘OAVM’).

The Annual Report is also available on the website of the Company at the link:  
<https://sunflagsteel.com/wp-content/uploads/2021/08/35th-Annual-Report-2021-SUNFLAG.pdf>

This is for your information and record.

For Sunflag Iron and Steel Company Limited

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



*Encl.: As above.*

Visit us at [www.sunflagsteel.com](http://www.sunflagsteel.com)

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

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

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



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

**FARIDABAD OFFICE :**  
PLOT No. 12, SCTOR ‘6’  
MATHURA ROAD,  
FARIDABAD - 121 006  
TEL.: 0129 - 2311116, 2311112,  
2311117  
E-mail : mktg\_nz@sunflagsteel.com

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



**SUNFLAG IRON & STEEL CO. LTD.**

**THIRTY-FIFTH (35<sup>TH</sup>) ANNUAL REPORT  
2020 - 2021**



**SUNFLAG IRON AND STEEL COMPANY LIMITED**

<b>BOARD OF DIRECTORS</b>	Mr. RAVI BHUSHAN BHARDWAJ [Non-executive Chairman] Mr. PRANAV BHARDWAJ [Managing Director] Mr. SURENDRA KUMAR GUPTA [Deputy Managing Director] Dr. E. R. C. SHEKAR [Non-executive, Independent Director] Mr. KUMAR JITENDRA SINGH [Non-executive, Independent Director] CA NEELAM KOTHARI [Non-executive, Independent Director] Mr. SAJIV DHAWAN [Non-executive, Independent Director] CA R. MURALIDHAR [Executive Director (Finance)] * * Director (Finance) w.e.f. 30.07.2021 Mr. RAMCHANDRA VASANT DALVI [Director (Technical)] Mr. SUHRIT RAVI BHUSHAN BHARDWAJ [Non-executive Director] Mr. ANAND SADASHIV KAPRE [Non-executive, Independent Director] CA VINITA BAHRI [Non-executive, Independent Director]
<b>CHIEF FINANCIAL OFFICER</b>	Mr. S. MAHADEVAN
<b>COMPANY SECRETARY</b>	CS ASHUTOSH MISHRA
<b>STATUTORY AUDITORS</b>	M/s. NSBP & CO. CHARTERED ACCOUNTANTS, NEW DELHI
<b>SECRETARIAL AUDITORS</b>	M/s. MUKESH PARAKH & ASSOCIATES COMPANY SECRETARIES, NAGPUR
<b>COST AUDITORS</b>	M/s. G. R. PALIWAL & COMPANY COST ACCOUNTANTS, NAGPUR
<b>INTERNAL AUDITORS</b>	M/s. AKMK & ASSOCIATES CHARTERED ACCOUNTANTS, SURAT
<b>BANKERS</b>	STATE BANK OF INDIA BANK OF INDIA CANARA BANK INDIAN BANK IDBI BANK LIMITED AXIS BANK LIMITED
<b>REGISTERED OFFICE</b>	33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN
<b>WORKS</b>	WARTHI, BHANDARA ROAD, BHANDARA - 441905, MH, IN
<b>WEB SITE &amp; e-mail</b>	www.sunflagsteel.com / e-mail - investor@sunflagsteel.com
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	BIGSHARE SERVICES PRIVATE LIMITED, MUMBAI

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**SUNFLAG IRON AND STEEL COMPANY LIMITED**  
**REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN**

Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003

Tel Nos. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, e-mail Id : investor@sunflagsteel.com, Website : www.sunflagsteel.com

**NOTICE**

**NOTICE** is hereby given that the 35<sup>th</sup> Annual General Meeting ('AGM') of the Members of **Sunflag Iron and Steel Company Limited** will be held on **Monday, the 13<sup>th</sup> day of September, 2021 at 12:00 P.M.** through Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM") to transact the following business:

**ORDINARY BUSINESS**

- To receive, consider and adopt the Audited Financial Statements (Standalone & Consolidated) of the Company for the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021, including, the Balance Sheet as at 31<sup>st</sup> March, 2021, Profit and Loss and Cash Flow for the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021, together with the Board's Report and Report of the Statutory Auditors thereon.
- To appoint a Director in place of Mr. Ramchandra Vasant Dalvi (DIN - 00012065), who retires by rotation and, being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS**

- Ratification of Remuneration of Cost Auditors of the Company**

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 all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications and / or re-enactment thereof, for the time being in force), the remuneration of ₹ 2,40,000/- (Rupees Two Lakh Forty Thousand Only) plus applicable taxes (GST) and reimbursement of actual out of pocket expenses, if any, payable in connection with audit of cost records of the Company, for the Financial Year 2021-22, to M/s. G. R. Paliwal & Company, Cost Accountants, Nagpur (Membership No. 7815), whose appointment as the Cost Auditors of the Company, for the Financial Year 2021-22, has been duly approved by the Board of Directors, based on the recommendation of the Audit Committee of the Company, be and is hereby ratified."

**By Order of the Board**Nagpur  
30.07.2021**CS Ashutosh Mishra**  
**Company Secretary**  
**ICSI M. No. ACS - 23011****NOTES:**

**IN VIEW OF THE CONTINUING OUTBREAK OF THE COVID-19 PANDEMIC, SOCIAL DISTANCING NORM IS REQUIRED TO BE FOLLOWED. ACCORDINGLY, THE MINISTRY OF CORPORATE AFFAIRS ("MCA") HAS VIDE ITS CIRCULAR DATED MAY 5, 2020 READ WITH CIRCULARS DATED APRIL 8, 2020 AND APRIL 13, 2020 AND CIRCULAR NO. 02/2021 DATED JANUARY 13, 2021 (HEREINAFTER COLLECTIVELY REFERRED TO AS "MCA CIRCULARS") AND SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") VIDE ITS CIRCULAR NOS. SEBI/HO/CFD/CMD1/CIR/P/2020/79 DATED MAY 12, 2020, AND SEBI/HO/CFD/CMD2/CIR/P/2021/11 DATED JANUARY 15, 2021 (COLLECTIVELY REFERRED TO AS 'SEBI CIRCULARS'), HAVE PERMITTED THE HOLDING OF ANNUAL GENERAL MEETING (AGM) THROUGH VC / OAVM, WITHOUT THE PHYSICAL PRESENCE OF THE MEMBERS AT A COMMON VENUE. IN COMPLIANCE WITH THE MCA CIRCULARS AND SEBI CIRCULARS, THE 35<sup>TH</sup> AGM OF THE COMPANY SHALL BE CONDUCTED THROUGH VC / OAVM.**

- An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Business under Item No. 3 is annexed hereto and forms part of the Notice.
- 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. Since this AGM is being held pursuant to the MCA Circulars and SEBI Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form, Attendance Slip and Route Map of AGM are not annexed to this Notice. However, the Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
- Members who wish to inspect the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Companies Act, 2013 and Register of Contracts or Arrangements in which directors are interested maintained under section 189 of the Companies Act, 2013 and relevant documents referred to in this Notice of AGM and explanatory statement can send an email to investor@sunflagsteel.com.
- The Register of Members and Share Transfer Books of the Company, will remain closed, from **Saturday, the 4<sup>th</sup> September, 2021 to Monday, the 13<sup>th</sup> September, 2021 (both days inclusive) for the purpose of 35<sup>th</sup> Annual General Meeting.**
- Members seeking any information with regard to the accounts or any matter to be placed at the AGM or having any other queries are requested to write to the Company alongwith their Name, DP ID and Client ID/ Folio No., E-mail Id, Mobile Number to the Investor Service Cell at investor@sunflagsteel.com on or before Monday, the 06<sup>th</sup> September, 2021. Queries received well within the stipulated time will be considered and duly responded in writing at the given e-mail Id of the Member concerned.
- In compliance with the aforesaid MCA Circulars and SEBI Circulars, the 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/ Depositories.

Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of the e-voting agency- National Securities Depository Limited at [www.evoting.nsdl.com](http://www.evoting.nsdl.com).

Shareholders who have not registered their e-mail address 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's Registrar and Share Transfer Agent- Bigshare Services Private Limited ('Bigshare'), by clicking the link: <https://www.bigshareonline.com> for sending the same. Shareholders are requested to follow the process as guided to capture the email address and mobile number for sending the soft copy of the notice and e-voting instructions along with the User ID and Password. In case of any queries, shareholder may write to [investor@bigshareonline.com](mailto:investor@bigshareonline.com).

Alternatively, member may send an e-mail request at the email id [investor@bigshareonline.com](mailto:investor@bigshareonline.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.

#### 7. REGISTRAR & SHARE TRANSFER AGENT

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

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

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

#### 9. DEMATERIALISATION OF SHARES

This is to inform that about 11,12,03,697 Equity Shares (61.70%) of the total Issued, Subscribed and Paid-up Share Capital of the Company, have already been dematerialized as on 31<sup>st</sup> March, 2021.

In terms of the amended Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, except in case of transmission or transposition, requests for effecting transfer of securities of listed companies shall not be processed unless the securities are held in dematerialised form with a Depository. In view of the above, members holding shares in physical form are requested to consider converting their holdings to dematerialized form.

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 M/s. Bigshare Services Private Limited, Mumbai (RTA) for consolidating their holdings under one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

#### 10. TRANSFER OF UNCLAIMED DIVIDEND AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

##### DIVIDEND:

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

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

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

The shareholders who have not claimed the dividend declared and paid for the Financial Year 2017-18 and 2018-19 are requested to claim it at the earliest possible.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has uploaded the requisite details on 21<sup>st</sup> September, 2020 (date of last Annual General Meeting) on the website of the Company [www.sunflagsteel.com](http://www.sunflagsteel.com) and also of the Ministry of Corporate Affairs.

**SHARES:**

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

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

Accordingly, the Company has transferred a total 31,69,315 equity shares constituting about 1.759% of the total issued, subscribed and paid-up share capital, including 28,050 equity shares of "Unclaimed Suspense Account", which was created pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015 (as amended).

The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both dividend as well as shares. The detailed list of shares transferred to this IEPF Authority Account as well as detailed procedure to claim is available on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com). Further, the procedure for claim is also available on the website of IEPF authority at [www.iepf.gov.in](http://www.iepf.gov.in). During the financial year 2020-21 under review, several rightful shareholders have claimed shares from this account. The detailed list of shares transferred to this IEPF account is available on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com).

**11. e-VOTING**

In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 35<sup>th</sup> Annual General Meeting. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as e-voting on the date of the AGM will be provided by NSDL.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING, E-VOTING AT ANNUAL GENERAL MEETING (AGM) AND JOINING AGM ARE AS UNDER:**

**The remote e-voting period begins on Thursday, 09<sup>th</sup> September, 2021 at 09:00 A.M. and ends on Sunday, 12<sup>th</sup> September, 2021 at 05:00 P.M. During this period Members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, the 06<sup>th</sup> September, 2021 may cast their vote electronically. The remote e-voting module shall be disabled by NSDL for voting thereafter.**

**How do I vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

**Step 1: Access to NSDL e-Voting system**
**A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**

In terms of SEBI circular 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.

Login method for individual shareholders holding securities in demat mode is given below :

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "<b>Beneficial Owner</b>" icon under "Login" which is available under "<b>IDeAS</b>" 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 options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.</li> <li>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com/">https://eservices.nsd.com/</a>. Select "<b>Register Online for IDeAS</b>" Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> 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 held 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 options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol>



Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi / Easiest, they can login through their 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 <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of <b>e-Voting service provider i.e. NSDL</b>. Click on <b>NSDL</b> to cast your vote.</li> <li>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>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <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 provided links for the respective ESP i.e. <b>NSDL</b> where the e-Voting is in progress.</li> </ol>
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. Once 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 options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL 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. NSDL and CDSL.**

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

**B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.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, your Password/OTP and a Verification Code as shown on the screen.  
*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*
- Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
    - (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - **Physical User Reset Password?** (If you are holding shares in physical mode) option available on [www.evoting.nsd.com](http://www.evoting.nsd.com).
  - If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
  - Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2 : Cast your vote electronically and join Annual General Meeting on NSDL e-Voting system.**

### **How to cast your vote electronically and join Annual General Meeting on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join General Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to [csmukesh@live.com](mailto:csmukesh@live.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800 1020 990 and 1800 22 4430 or send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
4. Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. **06<sup>th</sup> September, 2021**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or Issuer/RTA. However, if you are already registered with NSDL 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" or "Physical User Reset Password" option available on [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. **06<sup>th</sup> September, 2021** may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide 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 email to investor@sunflagsteel.com.
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), 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) to investor@sunflagsteel.com. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A)** i.e. **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/member may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be 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 in the AGM.
3. Members 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.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see "VC/OAVM link" placed under "**Join General meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. 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.
5. 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. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include 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. who are allowed to attend the AGM without restriction on account of first come first served basis.
6. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
7. The Board of Directors has appointed M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur, (Unique Identification Number S2015 MH344000) as a Scrutinizer to process the e-voting for the 35<sup>th</sup> Annual General Meeting in a fair and transparent manner.
8. CS Ashutosh Mishra, Company Secretary (ICSI Membership No. ACS -23011) of the Company shall be responsible for addressing all the grievances in relation to this 35<sup>th</sup> Annual General Meeting of the Company.
9. The results of voting shall be declared within 48 hours of the conclusion of the 35<sup>th</sup> Annual General Meeting. The results of voting so declared along with the Scrutinizer's Report shall be placed on the Company's Website (www.sunflagsteel.com), NSDL Website and shall also be communicated to the Stock Exchanges (BSE and NSE).

**EXPLANATORY STATEMENT****PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 3 :**

On recommendation of the Audit Committee, the Board of Directors of the Company, at its meeting held on 29<sup>th</sup> May, 2021 has approved and appointed M/s. G. R. Paliwal & Company, Cost Accountants, Nagpur (Membership No. 7815), as the Cost Auditors of the Company, for the Financial Year 2021–22, to audit the cost records of the Company at a remuneration of ₹ 2,40,000/- (Rupees Two Lakh Forty Thousand only) plus applicable taxes (GST) and reimbursement of actual out of pocket expenses, if any.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (as amended), the remuneration as recommended by the Board of Directors, is subject to ratification by the Members of the Company at the ensuing 35<sup>th</sup> Annual General Meeting of the Company.

None of the Director/s, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution. The Board of Directors of the Company recommends the Ordinary Resolution at Item No. 3 of the Notice for approval of the Members in the interest of the Company.

Nagpur  
30.07.2021

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

**Details of Director seeking re-appointment at the 35<sup>th</sup> Annual General Meeting of the Company**

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meeting]

<b>Name of Director</b>	<b>Mr. Ramchandra Vasant Dalvi</b>
<b>Director Identification Number (DIN)</b>	<b>00012065</b>
<b>Brief Resume</b>	Mr. Ramchandra Vasant Dalvi, age 70 years, graduated as B. Tech (Hons) in Metallurgical Engineering from Indian Institute of Technology (IIT), Mumbai. Thereafter, he joined various Steel Industries viz Mukand Limited (Year 1972-2001), Facor Steels Limited (Year 2001-2004) and Vidarbha Iron and Steel Corporation Limited (Year 2004-2011) and gained rich and varied experience in steel and steel making. He held various positions from Graduate Engineer Trainee to Chief Executive. He was Director (Technical) on the Board of Directors of Facor Steels Limited during the year 2004-2011. He joined Sunflag in the year 2015 as the Executive Director (Works), one level below the Board of Directors of the Company and was in-charge of Company's Steel Plant at Warthi, Bhandara. Later on, he was elevated and inducted in the Board as the Whole-Time Director, designated as Executive Director (Works) of the Company w.e.f. 14 <sup>th</sup> August, 2017. He has been re-designated as Director (Technical) w.e.f. 14 <sup>th</sup> June, 2021.
<b>Date of Birth/Age</b>	07/12/1950 / 70 years
<b>Date of First Appointment on the Board</b>	14.08.2017
<b>Expertise in specific functional area</b>	Rich and varied experience in steel and steel making industries.
<b>Qualification</b>	B. Tech (Hons) (Metallurgical Engineering) from Indian Institute of Technology (IIT), Mumbai
<b>Shareholding in the Company</b>	Nil
<b>Relationship with other Director, Manager and other Key Managerial Personnel of the Company</b>	Not related to any Director, Manager and other Key Managerial Personnel of the Company
<b>No. of Board Meeting attended during the Financial Year 2020-21</b>	4 / 4 [Attended / Held]
<b>Name of the other Companies/LLP in which Director/Partner</b>	<b>Director -</b> Sunflag Foundation (Section 8 Company) Sanika Hospitality (India) Private Limited <b>Partner -</b> Saidham Schemes
<b>Chairman / Member of the Committee of Board of Directors of the Company or of Other Listed Company</b>	Member of the CSR Committee of the Board of Directors of Sunflag Iron and Steel Company Limited.

**BOARD'S REPORT**

To,  
The Members,

Your Directors take pleasure in presenting the 35<sup>th</sup> Annual Report alongwith the Audited Financial Statements of the Company for the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021.

Financial Year under review was relatively fair compared to previous Financial Year for the steel industry despite frequent interruptions due to lockdowns. But uncertain market conditions owing to ongoing worldwide COVID-19 pandemic have brought restrictions in the movement of goods and availability of labour force. This has resulted in reduction in the consumption of steel and also decrease in investment in the domestic steel industry affecting the overall growth in the sector. Sunflag is mainly catering to Automobile industry apart from its presence in Railways, Heavy engineering industry. The demand from the automotive sector is expected to be sustained, despite the temporary dip in growth this year. However, the efforts by the government to encourage on the use of electric vehicles, may reduce the steel consumption in automobiles as the electric vehicles have fewer auto components.

During the Financial Year 2020-21, there was an increase in the sales and profit before tax and EBIDTA as a percentage to total income for the year has increased to 13.53% as against 10.27% for the previous year.

**1. FINANCIAL RESULTS**

The summarised Financial Results for the year are as follows :-

(₹ in Lakh, except EPS)

Sr. No.	Particulars	For the Financial Year ended	
		2020-21	2019-20
1	Total Income	1,90,247	1,76,928
2	Total Expenditure	1,64,501	1,58,750
3	Gross Profit	25,746	18,178
4	Finance Cost	2,868	4,125
5	Profit before Depreciation	22,878	14,053
6	Depreciation	7,018	4,620
7	Profit before exceptional and extraordinary items and Tax	15,860	9,433
8	Tax Expenses and Provisions	2,508	177
9	Net profit from ordinary activities after tax	13,352	9,256
10	Other comprehensive Income (net of taxes) #	68	36,443#
11	Profit After Tax	13,420	45,699
12	Earnings Per Share (EPS) [Basic and Diluted] in (₹)	7.41	5.14

# Other Comprehensive income for the previous year includes an amount of ₹ 36,302 Lakh towards revaluation surplus net of taxes (i.e. Revaluation surplus of ₹ 48,512 Lakh Less deferred tax of ₹ 12,210 Lakh).

**2. FINANCE**

The Total Income of your Company for the Financial Year 2020-21 stood at ₹ 1,90,247 Lakh as compared to ₹ 1,76,928 Lakh of the previous Financial Year. Your Company has ended the Financial Year 2020-21 with a profit after tax from the ordinary activities of ₹ 13,352 Lakh as against the previous financial year's ₹ 9,256 Lakh. After taking into account the brought forward profit of ₹ 79,770 Lakh, your Company has carried forward an amount of ₹ 94,371 Lakh to the Balance Sheet.

In view of revaluation of plant and machinery and building during the previous year, the Company has made transfer of ₹ 1,249 Lakh during the year towards additional depreciation on the revalued assets from revaluation reserve to retained earnings.

**3. DIVIDEND**

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

Due to the prevailing spread of COVID-19 pandemic and uncertain recessionary trend in the economy besides the need to support capex, your directors took a prudent decision to plough back the profits into the business and not to recommend any dividend for the Financial Year 2020-21.

**4. DIVIDEND DISTRIBUTION POLICY**

In terms of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('SEBI Listing Regulations') the Board of Directors of the Company (the 'Board') formulated and adopted the Dividend Distribution Policy ('Policy').

The Policy is available on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com) and can be accessed at: <https://sunflagsteel.com/wp-content/uploads/2021/06/SISCO-Dividend-Distribution-Policy.pdf>.

**5. SHARE CAPITAL**

During the Financial Year 2020-21 under review, there is no change in the capital structure of the Company and accordingly, the issued, subscribed and paid-up Share Capital of the Company stood at ₹ 1,80,21,94,480/- divided into 18,02,19,448 equity shares of face value of ₹ 10/- each, as on 31<sup>st</sup> March, 2021.

**6. MARKET SCENARIO**

Imposition of lock down to prevent the spread of COVID-19 pandemic has weighed down market sentiments in Indian steel industry.

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, shortage of manpower, and logistical issues.

During the year under review, the Company could not face any difficulties in the availability of input raw materials and has also been able to manage its regular requirement of working capital and long-term fund.

The Company is periodically reviewing possible impact of COVID-19 on its business and the same have been considered in preparation of financial statements for the year ended 31<sup>st</sup> March, 2021. Review includes the related internal and external factors as known to the Company up to the date of approval of its financial statements to assess and finalise the carrying amounts of its assets and liabilities.

## 7. COMPANY'S OPERATIONS OR OVERALL WORKING PERFORMANCE

During the Financial Year 2020-21 under review, the operational (production) details of the Company are as under:

### Production in MT and Power in Lakh kWh

Sr. No.	Particulars	Financial Year 2020-21	Financial Year 2019-20
1	Direct Reduction Plant (I + II)	49,592	51,582
2	Steel Melt Shop	2,88,272	3,08,335
3	Rolled Products	3,25,112	3,01,194
4	Mini Blast Furnace (Hot Metal)/Pig Iron	3,14,642	3,04,266
5	Coal (Belgaon Coal Block)	68,400	2,70,000
6	Power Plant (Lakh kWh)	1531.78	1745.71

## 8. PROJECTS

### Steel Plant:-

The outbreak of COVID -19 pandemic caused significant disturbance in economic activities. Economy has shown positive trends in the second half of the FY 2020-21 after resumption of business activities in most of the industries particularly after India started its national COVID vaccination programme in January 2021. However, country is witnessing resurge in COVID cases from start of April 2021.

The Company has successfully commissioned its Super Alloy project and started its commercial production. So far as the ongoing project expansion at its Blooming Mill / Finishing Line is concerned, there are delays in import of main equipment from China on account of COVID-19 pandemic. Due to which the Company has now proposed to foreclose the loan taken from the lender banks as no further extension is available for achieving DCCO (Date of Commencement of Commercial Operation) for this project. The Company has availed an amount of ₹ 126 Crores approx. for Blooming Mill/Finishing Line project as at the end of the Financial Year under review, which is now proposed to be prepaid and the balance undrawn loan related to this project shall be cancelled. The Company is working out to avail term loan / corporate loan from the prospective lenders to complete the pending projects as well as to fill the gap in the working capital.

### Subsidiary Companies:-

#### **Sunflag Power Limited [CIN – U 31200 UR 2003 PLC 027802]**

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

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

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

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

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

### Associate / Joint Venture (JV) Companies:-

#### **Madanpur (North) Coal Company Private Limited [CIN – U 10101 CT 2007 PTC 020161] and C T Mining Private Limited [CIN – U 10100 JH 2008 PTC 013329]**

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

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

Daido D.M.S. India Private Limited, is a Joint Venture (JV) Company of Sunflag Iron and Steel Co. Ltd., Daido Steel Co. Ltd., Japan and Daido Die and Mold Steel Solutions Co. Ltd., Japan. Sunflag has made an investment of INR 36,000,000/- (INR Three crores sixty lakh) constituting Twenty percent (20%- presently 17.56%) in the capital of the said JV Company. The JV Company is engaged in the business of manufacturing, import, export and distribution in die, mold steel (tool steel and other metallic materials), processed products and mold parts. The Company is in operation.

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

Sunflag jointly with Stumpp Schuele & Somappa Springs Private Limited, Bengaluru has formed and incorporated a Joint Venture (JV) Company – Ramesh Sunwire Private Limited on 31<sup>st</sup> October, 2016 in the state of Maharashtra. The main object of the JV Company is manufacturing high quality of alloy steel wire for automobile and auto component industries both in domestic and export market. The Company is in operation.

**Present Status of Coal and Minerals Mines:-**

S. N.	Name of Mine	Area in (Ha.)	Mineral	Present Status
1	Belgaon Coal Mine, at Village Balgaon (Deshpande), Tah. Warora, Dist. Chandrapur, Maharashtra	383.56	Coal	Underground Coal mine having estimated reserves of 8 million tons (MT) with extractable balance of about 5.82 MT.
2	Navegaon Manganese Mine at Village Navegaon, Tah. Mohadi, Dist. Bhandara, Maharashtra	15.90	Manganese Ore	Open cast mine with reserves of about 30,000 tons.
		48.78	Manganese Ore	Application for conversion of Prospecting Licence into Mining Lease is under process for 5(1) approval, presently with Central Govt.
3	Warpani Manganese Ore Block at Village Warpani, Tah. Saoner, Dist. Nagpur, Maharashtra	1419.65	Manganese Ore	Application for conversion of Prospecting Licence into Mining Lease for an area of 460 Ha is under process for 5(1) approval, presently with Central Government.
4	Bande Iron Ore Block, at Village Bande, Tah. Ettapalli, Dist. Gadchiroli, Maharashtra	236.75	Iron Ore	Application for conversion of Prospecting Licence into Mining Lease for an area of 205.75 Ha is under process for 5(1) approval, presently with Central Government.
5	Kodalibad Iron and Manganese Ore Mine at Village - Kodalibad, Tah - Noamundi, Dist. - Singhbhum / Jharkhand	120.00	Iron and Manganese Ore	Mining Lease is yet to be executed.
6	Lohardongri Iron Ore Mines at Village Lohardongri, Tah - Brahmapuri, District - Chandrapur, Maharashtra	35.73	Iron Ore	Declared successful bidder in auction. Letter of Intent (LOI) dated 13.09.2019 received from Government of Maharashtra. Mining plan has been approved. The application for forest clearance & Environmental clearance was submitted. The approval is awaited.

**9. NATURE OF BUSINESS ACTIVITIES AND CHANGES THEREOF**

During the Financial Year 2020-21 under review, the Board of Directors, though exploring addition to existing business and commercial activities, but till date there is no change in nature of business and commercial activities of the Company. As such, no specific details regarding change in nature of business activities are required to be given or provided.

**10. PUBLIC DEPOSITS**

During the Financial Year 2020-21 under review, the Company has neither invited nor accepted any public deposits within the meaning of Section 73 and 74 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 (as amended). As such, no specific details prescribed in Rule 8(1) of the Companies (Accounts) Rules, 2014 (as amended) have been given or provided.

**11. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

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

- Pursuant to the provisions of Section 152 of the Companies Act, 2013, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2020, consented to the re-appointment of Mr. Suhrit Ravi Bhushan Bhardwaj (DIN-02318190), Director (Category-Promoter, Non-executive) of the Company, who retired by rotation and being eligible offered himself for re-appointment.
- Pursuant to provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2020, consented for the re-appointment of Mr. Pranav Bhardwaj (DIN: 00054805), as the Managing Director (Category - Promoter, Executive), designated Key Managerial Personnel, of the Company not liable to retire by rotation for a further period of 5 years effective from 17<sup>th</sup> January, 2021.

**II CHANGES RELATED TO THE EXECUTIVE DIRECTOR/S AND KEY MANAGERIAL PERSONNEL (KMP):**

- Pursuant to provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their 34<sup>th</sup> Annual General Meeting held on

21<sup>st</sup> September, 2020, consented for the re-appointment of Mr. Surendra Kumar Gupta (DIN : 00054836), as the Deputy Managing Director (Category - Non-Promoter, Executive), designated Key Managerial Personnel, of the Company liable to retire by rotation for a further period of 3 years effective from 30<sup>th</sup> July, 2020.

2. Pursuant to provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2020, consented for the re-appointment of CA Rambhatla Muralidhar (DIN: 00982212), as the Executive Director (Finance) (Category - Non-Promoter, Executive), designated Key Managerial Personnel, of the Company liable to retire by rotation for a further period of 3 years effective 14<sup>th</sup> August 2020.
3. Pursuant to provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members of the Company, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board, at their 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2020, consented for the re-appointment of Mr. Ramchandra Vasant Dalvi (DIN : 00012065), as the Executive Director (Works) (Category - Non-Promoter, Executive), designated Key Managerial Personnel, of the Company liable to retire by rotation for a further period of 3 years effective 14<sup>th</sup> August, 2020.

### III. CHANGES RELATED TO THE INDEPENDENT DIRECTOR/S:

1. The Members of the Company at their 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2020, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board have appointed Mr. Anand Sadashiv Kapre (DIN - 00019530), as Director [Category – Non-executive, Independent] to hold the office for a fixed first term of consecutive 3 years, i.e. from 21<sup>st</sup> September, 2020 till 20<sup>th</sup> September, 2023.
2. The Members of the Company at their 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2020, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board have appointed CA Vinita Bahri (DIN - 03109454), as Director [Category – Non-executive, Independent] to hold the office for a fixed first term of consecutive 5 years, i.e. from 21<sup>st</sup> September, 2020 till 20<sup>th</sup> September, 2025.
3. The Members of the Company at their 34<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> September, 2020, on the recommendation of the Board of Directors and the Nomination and Remuneration Committee (NRC) of the Board have re-appointed CA Neelam Kothari, Director (DIN - 06709241), as Director [Category – Non-executive, Independent] to hold the office for a fixed second term of consecutive 5 years, i.e. from 21<sup>st</sup> September, 2020 till 20<sup>th</sup> September, 2025.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under Section 149 (6) of the Companies Act, 2013 and the SEBI Listing Regulations.

### IV. DIRECTOR - RETIREMENT BY ROTATION :

Pursuant to Section 152 of Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (as amended), Mr. Ramchandra Vasant Dalvi (DIN - 00012065), Director (Category - Non-Promoter, Executive) of the Company, retires by rotation and being eligible, offers himself for re-appointment. The Board recommends his re-appointment as a Director (with existing category) of the Company for the approval of the Members at the ensuing Annual General Meeting in the interest of the Company.

### 12. NUMBER OF MEETINGS OF THE BOARD

During the Financial year 2020-21 under review 4 meetings of the Board of Directors of the Company held on (i) 26<sup>th</sup> June, 2020, (ii) 13<sup>th</sup> August, 2020, (iii) 10<sup>th</sup> November, 2020 and (iv) 12<sup>th</sup> February, 2021.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors confirms:-

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



**14. COST RECORDS**

Pursuant to the amendment to the Companies (Accounts) Rules, 2014 vide MCA's Notification dated 31<sup>st</sup> July, 2018, the Board of Directors do confirm that the maintenance of cost records as specified by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, is required by the Company and accordingly, such accounts and records are made and maintained by the Company for the Financial Year 2020-21.

**15. BUSINESS RESPONSIBILITY REPORT**

The Securities Exchange Board of India's (SEBI) Listing Regulations mandate the inclusion of the Business Responsibility Report as part of the Annual Report for the top 1000 listed entities based on market capitalization. The Business Responsibility Report (BRR), as mandated by the Securities and Exchange Board of India (SEBI), for the year under review is part of the Annual Report 2020-21 of the Company. The BRR maps the sustainability performance of your Company against the reporting framework suggested by SEBI. It describes the initiatives taken by your Company from an environmental, social and governance perspective.

**16. COMMITTEE(S) OF THE BOARD**

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

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

M/s. NSBP & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 001075N, Peer Review Certificate No. 009284), were appointed as the Statutory Auditors of the Company in place of retiring Auditors M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), by the shareholders in the 34<sup>th</sup> Annual General Meeting (AGM) of the Company held on 21<sup>st</sup> September, 2020 for a fixed first term of 5 years from the conclusion of 34<sup>th</sup> Annual General Meeting until the conclusion of the Annual General Meeting to be held for the Financial Year 2024-25.

The Auditors' Report submitted by M/s. NSBP & Co., Chartered Accountants, New Delhi, the Statutory Auditors to the Members of the Company for the Financial Year 2020-21 do not contain any qualification. The observations made by the Statutory Auditors in their report are self-explanatory and have also been further amplified in the Notes to the Financial Statements and as such, do not call for any explanations.

During the Financial Year 2020-21 under review:

- a) there has been no fraud occurred, noticed and/or reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended);
- b) the observations made by the Statutory Auditors on the financial statements for the Financial Year 2020-21 under review including the affairs of the Company are self-explanatory and do not contain any qualification, reservation, adverse remarks or disclaimer.

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

**II. COST AUDITORS AND THEIR REPORT**

Pursuant to Section 148 of the Companies Act, 2013, the Board of Directors, on the recommendation of the Audit Committee of the Company, has appointed M/s. G. R. Paliwal & Company, Cost Accountants, Nagpur (Membership No. 7815), as the Cost Auditors of the Company, for the Financial Year 2021-22 and has also recommended their remuneration to the Members of the Company for their ratification at the ensuing 35<sup>th</sup> Annual General Meeting of the Company.

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

Pursuant to the applicable provisions of the Act read with the rules made there under, the Statements, Annexures, Proforma, annexed to the Cost Audit Report in Form No. CRA-3, to be submitted by the said Cost Auditors with the Central Government in e-Form No. CRA-4, for the Financial Year 2019-20 was filed vide SRN R-54261532 dated 08<sup>th</sup> September, 2020.

Moreover, the Statements, Annexures, Proforma, annexed to the Cost Audit Report in Form No. CRA-3, to be submitted by the said Cost Auditors with the Central Government in e-Form No. CRA-4, for the Financial Year 2020-21, do not contain any adverse remarks and qualifications, is self-explanatory and do not call for any further explanation/s by the Company.

**III. SECRETARIAL AUDITORS AND THEIR REPORT**

M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur [Unique Identification Number S2015MH344000] were appointed as the Secretarial Auditors of the Company, for the Financial Year 2020-21.

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

Further, the Board of Directors of the Company at its 184<sup>th</sup> Meeting held on 30<sup>th</sup> July, 2021, has approved the re-appointment of, M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur [Unique Identification Number S2015MH344000] as the Secretarial Auditors of the Company for the Financial Year 2021-22.

#### IV. INTERNAL AUDITORS AND THEIR REPORT

M/s. AKMK & Associates, Chartered Accountants, Surat [ICAI Firm Registration No. 136206W], were appointed as the Internal Auditors of the Company by the Board of Directors of the Company at its 177<sup>th</sup> meeting held on 13<sup>th</sup> February, 2020, on the recommendation of the Audit Committee, for the period of 3 Financial Year/s, from the Financial Year 2020-21 to the Financial Year 2022-23.

Further, M/s. Nitin Alshi & Associates, Chartered Accountants, Nagpur [ICAI Firm Registration No. 116875W], were appointed as the Joint Internal Auditors of the Company, by the Board of Directors of the Company at its 177<sup>th</sup> meeting held on 13<sup>th</sup> February, 2020, on the recommendation of the Audit Committee, for the period of 2 years from the Financial Year 2020-21 to the Financial Year 2021-22.

During the period under review, M/s. Nitin Alshi & Associates, Chartered Accountants, Nagpur [ICAI Firm Registration No. 116875W], ceased w.e.f. 12<sup>th</sup> February, 2021 as the Joint Internal Auditors of the Company on resignation due to their engagement in the other assignments.

The Internal Audit finding/s and report/s submitted by the said Internal Auditor/s, from time to time, during the Financial Year 2020-21 to the Audit Committee and Board of Directors of the Company, do not contain any adverse remarks and qualifications, is/are self-explanatory and do not call for any further explanation/s by the Company.

#### 18. PERSONNEL / PARTICULARS OF EMPLOYEES

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

- a) The ratio of the remuneration of each Executive Director to the median remuneration of the employees of the Company for the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021:

Executive Director(s)	Ratio to Median remuneration of employees
Mr. Pranav Bhardwaj - Managing Director	30.28: 1
Mr. Surendra Kumar Gupta - Deputy Managing Director	19.15: 1
CA Rambhatla Muralidhar - Executive Director (Finance)	15.34: 1
Mr. Ramchandra Vasant Dalvi - Executive Director (Works)*	13.24: 1
* Re-designated as Director (Technical) w.e.f. 14.06.2021	

- b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% decrease in remuneration over previous Financial Year
Mr. Pranav Bhardwaj - Managing Director	1.25
Mr. Surendra Kumar Gupta - Deputy Managing Director	8.23
CA Rambhatla Muralidhar - Executive Director (Finance)	14.83
Mr. Ramchandra Vasant Dalvi - Executive Director (Works) *	9.83
CS Ashutosh Mishra - Company Secretary	14.92
S. Mahadevan Iyer - Chief Financial Officer (w.e.f. 1 <sup>st</sup> October, 2019) #	NA

(\*) - Re-designated as Director (Technical) w.e.f. 14.06.2021

(#) - Not comparable, as he was in service for part of the previous Financial Year.

- c) The percentage decrease in the median remuneration of employees in the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021: - **13.28%**
- d) The number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2021: **1098**
- e) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- There is no increase in the employees and managerial remuneration for the Financial Year 2020-21.
- f) Affirmation: Remuneration paid to Director/s, Key Managerial Personnel and Employees of the Company is as per the remuneration policy of the Company.

g) Statement of Particulars of Employees as per Section 197 of the Companies Act, 2013 read with rule 5(2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2021 is as below:

Sr. No.	Name of the Employee	Designation/ Nature of Employment	Age / Qualification	Experience (Years)	Remuneration (Rs. in Lakh)	Last Employment	Date of Appointment	Equity holding %
1.	Mr. Pranav Bhardwaj	Managing Director	47, B.Sc. (Chemistry & Business Management)	22.04	499.99	Not Applicable	01-12-1998	0.89
2.	Mr. S. K. Gupta	Dy. Managing Director	72, PGD (DBM), B.E. (M) D. Engg. (M)	53.07	99.74	Coventry Springs	05-09-1992	-
3.	CA R. Muralidhar	Executive Director (Finance)	66, C.A., M.Com.	41.02	79.90	BALCO	06-10-1993	-
4.	Mr. Ramchandra Dalvi	Executive Director (Works)*	70, B.Tech (Metallurgy)	38.08	68.98	Sanika Hospitality-Own Venture	03-08-2015	-
5.	Mr. Jitendra Singh	Head-Marketing	56, M.Tech (MET), B.E. (MET)	32.03	63.16	Punjab Concast Steels	21-12-1998	-
6.	Mr. D. D. Khonde	Deputy Head Plant*	46, B.Tech (Mech), PGPBA, D. Engg(CHE)	25.04	53.95	PT. Gunung Garuda, Indonesia	01-12-2012	-
7.	Mr. S. K. Chanda	Deputy Head-Marketing	52, MBA (MKT), B.E. (MET)	28.07	53.59	Mukand Ltd.	04-09-2003	0.0001 (200 Shares)
8.	Mr. D.S. Kalne	VP (Finance & Store-Works)	65, C.A.	37.10	51.54	Orient Cordage Pvt. Ltd.	01-06-1989	-
9.	Mr. S. Mahadevan	Chief Financial Officer	55, MBA (Finance), PG Diploma in Financial Management.	36.00	43.32	Safari Sales Industries Ltd.	14-09-1990	0.0004 (800 Shares)
10.	Mr. D.D. Chowdhury	Associate Head-Project	58, D.Engg (MET), P. DIP (FT), B.A., PGDMSM	35.09	38.38	Abhijeet Group	03-07-2009	-

\* Mr. Ramchandra Dalvi and Mr. D. D. Khonde, re-designated as Director (Technical) and Chief Operating Officer of the Company respectively w.e.f. 14.06.2021.

**Note:**

- Remuneration includes Salary and allowances. In the case of Mr. Pranav Bharadwaj, it includes Salary, allowances and commission.
- None of the above employees are related to any Director or Manager except Mr. Pranav Bhardwaj who is relative of Mr. Ravi Bhushan Bhardwaj (Non-executive Chairman) and Mr. Suhrit Bhardwaj (Non-executive, Non-Independent Director).

**19. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

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

The particulars of Loans, Guarantees or investments given or made by the Company under Section 186 of the Companies Act, 2013 are disclosed in the Notes to the Financial Statements of the Company for the Financial Year 2020-21.

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

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

**There are no such transactions and hence not applicable.**

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

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

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

Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions, including the value, if any	Dates of approval / ratification by the Board, if any	Consideration Amount for the FY 2020-21
Haryana Television Limited	Ordinary course of Business and at Arm's length	Continuing	Refundable Security Deposit	28.05.2018 & 26.06.2020 / ratified on 29.05.2021	₹ 28,20,000/- (Continuing from Previous years)
Haryana Television Limited	Ordinary course of Business and at Arm's length	Continuing	Rent paid for Company's Godown at Faridabad	28.05.2018 & 26.06.2020 / ratified on 29.05.2021	Rent ₹ 47,49,500/- for the FY 2020-21
Ramesh Sunwire Private Limited	Ordinary Course of Business and at Arm's length	--	Sale of Wire Rods	13.08.2020 & 12.02.2021	₹ 17,64,63,815/- in the FY 2020-21
Ramesh Sunwire Private Limited	Ordinary Course of Business and at Arm's length	--	Purchase of scrap of Wire Rods	13.08.2020 & 12.02.2021	₹ 5,051/- in the FY 2020-21

Note :Particulars of contracts or arrangements or transactions with related parties are not given in Form AOC-2, during the Financial Year 2020-21 under review as the Company has not entered into any contracts or arrangements or transactions which are material in nature or are not at arm's length.

**22. LISTING OF SHARES**

The Equity Shares in the capital of the Company continued to be listed with and actively traded on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The listing fees for the Financial Year 2021-22 have been paid to both the Stock Exchanges (BSE & NSE) within the stipulated time.

**23. DEMATERIALISATION OF SHARES**

As on 31<sup>st</sup> March, 2021, there were 11,12,03,697 Equity Shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents about 61.70 % of the total issued, subscribed and paid-up capital of the Company.

**24. ANNUAL RETURN**

Pursuant to the provisions of Sections 92 (3) and 134 (3) (a) of the Companies Act, 2013, copies of the Annual Returns of the Company have been uploaded on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com) and can be accessed at [weblink-https://sunflagsteel.com/wp-content/uploads/2021/08/Annual-Return-e-Form-No\\_MGT-7-31-March-2021.pdf](https://sunflagsteel.com/wp-content/uploads/2021/08/Annual-Return-e-Form-No_MGT-7-31-March-2021.pdf).

**25. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The detailed information related to the dividend declared by the Company in the previous year/s together with the amount remained unpaid or unclaimed, its transfer to the Investor Education and Protection Fund are provided in the Notes annexed to the Notice convening the 35<sup>th</sup> Annual General Meeting of the Company. To avoid repetition, the Shareholders of the Company are advised to refer the said Notes for detailed information on the subject matter.

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

Ministry of Corporate Affairs (MCA) has notified "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" (the Rules), which have come into force from 7<sup>th</sup> September, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been claimed for 7 consecutive years or more, in the name of 'IEPF Demat Account'. Accordingly, the Company has so far transferred 31,69,315 Equity Shares constituting about 1.759% of the total issued, subscribed and paid-up capital. The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the Equity Shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both Dividend as well as Equity Shares, by the Shareholders or Investors of the Company.

**27. CORPORATE GOVERNANCE**

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

Your Board of Directors are pleased to report that your Company has complied with the SEBI Guidelines on Corporate Governance for the Financial Year 2020-21 relating to the Listing Regulations. Certificates from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur [Unique Identification Number S2015MH344000] confirming compliance with conditions as stipulated under Listing Regulations and Non-disqualification of Directors are annexed to the Corporate Governance Report, which form an integral part of the Board's Report of the Company.

**28. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

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

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

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

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

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

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

- i. Code of Conduct of Business Principles and Conduct;
- ii. Code of Prevention of Insider Trading in Sunflag Securities by the designated persons [Insider] (as amended from time to time);
- iii. Code for Vigil Mechanism - Whistle Blower Policy;
- iv. Code for Independent Directors;
- v. Corporate Social Responsibility (CSR) Policy;

- vi. Risk Management Policy, which includes identification of elements of risk, if any, which in the opinion of the Board of Directors may threaten the existence of the Company;
- vii. Policy on Document Preservations (Regulation 9 of the SEBI (LODR) Regulations, 2015);
- viii. Policy for determining of 'material' Subsidiary (Regulation 16 of the SEBI (LODR) Regulations, 2015);
- ix. Policy on materiality of related party transaction/s and on dealing with related party transactions (Regulation 23 of the SEBI (LODR) Regulations, 2015);
- x. Policy for determination of materiality, based on specified criteria and accordingly, grant authorisation for determination of materiality of events (Regulation 30 of the SEBI (LODR) Regulations, 2015);
- xi. Nomination and Remuneration Policy; and
- xii. Dividend Distribution Policy.

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

### **30. MATERIAL DEVELOPMENT IN HUMAN RESOURCES**

#### **HUMAN RESOURCES**

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

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

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

#### **PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE**

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

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

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

#### **HEALTH AND SAFETY**

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

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

To ensure safety at work site, On-Line Safety Training is provided through "KIOSK" to concerned workers, mainly for safe working at height. Safety while Fork Lift operation, safe material handling with Hydra Cranes and to truck drivers.

After successful completion of safety training, safety pass is being issued to them, which is valid for 6 months

### **31. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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

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

### **32. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

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

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

During the Financial Year 2020-21, no significant and material order is passed by any of the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in future. As such, no specific details are required to be given or provided.

**34. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Board of Directors confirms that the Company, has duly complied with the applicable Secretarial Standards, namely Secretarial Standard-1 ('SS-1') on Meetings of the Board of Directors, Secretarial Standard-2 ('SS-2') on General Meetings and Secretarial Standard-3 ('SS-3') on Dividend, during the Financial Year 2020-21.

**35. OTHER DISCLOSURES**

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

**36. ENCLOSURES**

- a) Annexure – I : Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo;
- b) Annexure – II : Annual Report on Corporate Social Responsibility (CSR) activities together with expenditure details;
- c) Annexure – III : Secretarial Audit Report in Form No. MR-3;
- d) Annexure – IV: Certificate on Prevention of Sexual Harassment of Women at the Workplace and its Prohibition & Redressal.

**37. ACKNOWLEDGEMENT**

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

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

**For and on behalf of the Board**

**Nagpur**  
**30<sup>th</sup> July, 2021**

**Pranav Bhardwaj**  
**Managing Director**  
**DIN - 00054805**

**Surendra Kumar Gupta**  
**Deputy Managing Director**  
**DIN - 00054836**

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**ANNEXURE 'I' TO BOARD'S REPORT**
**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**  
**[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]**
**A) CONSERVATION OF ENERGY**
**I) The following measures were taken during the Financial Year 2020-21 under review for conservation of energy:**

- i) Installation of 1120 kW MV VFD for Head ESP ID Fan-2 of Sinter Plant to save electrical energy.
- ii) Reduction in consumption of Furnace Oil by modification of Recuperator and increased usage of Blast Furnace gas in Alloy Steel Mill (ASM) to save fuel.

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

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

**III) The capital investment on energy conservation equipment:**

₹ 78 Lakh invested on energy conservation equipment during the reporting Financial Year 2020-21.

**B) TECHNOLOGY ABSORPTION**

New grades developed:

GRADE	APPLICATION
9HS74	Mining Rock Drill
DY7A	Crank Shaft
K-M62F MA	Fuel Injector
15CDV6	Welded Pressure Vessels
F11, F51	Ingot Forging
1.4828, 1.4713	Forging
AISI409NB, 409Ti	Exhaust Hanger
AISI430LNB	Bolt

New section Rib bar 28mm -Use in construction

**BENEFITS**

New market development for critical auto components.

**FUTURE PLAN :**
**i) Installation of Super Alloy Steel making:**

- a) ESR-II (1.8 T Capacity) - Installed and under trail
- ESR-I (22 T Capacity) - Installed and under trail production.
- b) 6.5 T VIM is under commissioning.
- c) 18T VAR order placed and expected at site by June, 2022.

**ii) Other ongoing projects:**

- a) Downstream of Blooming Mill.
- b) Installation of Ingot Annealing Mill
- c) Installation of new Pickling Plant & IVD
- d) Installation of Coil Spheroidizing Furnace with new shed
- e) Installation of LRF-3 and 4th Strand in CCM-1
- f) Installation of Iron Ore Crusher Plant
- g) Installation of Abrasive Saw Machine in BSM
- h) Installation of Shot Blasting Machines for Rebar and Coils
- i) Installation of Forging Plant
- j) Installation of Quenching pipe for TMT rolling in BSM
- k) New Head Office building at Nagpur
- l) Plant Road

**Expenditure on Research & Development :**

Sr. No.	Particulars	2019 - 20	2020 - 21
1	Capital (₹ in Lakh)	-	-
2	Recurring (₹ in Lakh)	159.50	38.43
3	Total (₹ in Lakh)	159.50	38.43
4	Total R&D Expenditure as a percentage of net turnover	0.0907%	0.0203%

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(₹ in Lakh)

Particulars	2019 - 20	2020 - 21
i) Earnings : Export of Goods	2,802	1,895
ii) Out Go :		
a) CIF Value of imports	8,037	7,753
b) Others including Technical Services	203	152

For and on behalf of the Board

Place : Nagpur  
Date : 30<sup>th</sup> July, 2021

Pranav Bhardwaj  
Managing Director  
DIN - 00054805

Surendra Kumar Gupta  
Deputy Managing Director  
DIN - 00054836

**ANNEXURE 'II' TO BOARD'S REPORT**
**ANNEXURE 'II'**
**1. Brief outline on CSR Policy of the Company.**

The Board of Directors of the Company has constituted the Corporate Social Responsibility (CSR) Committee to implement or monitor implementation of CSR activities as per the CSR Policy of the Company.

The CSR activities are carried out and monitored mainly through in-house Departments of the Company. Moreover, 'Sunflag Foundation, a Section 8 Company (not for profits), was incorporated, as a Wholly-owned Subsidiary of Sunflag Steel, appointed as an Implementing Agency to carry out the CSR activities as per CSR Policy of the Company.

The CSR Committee has formulated a comprehensive Corporate Social Responsibility (CSR) Policy to cover various activities like Promotion of Education and Health Care, Rural Development, Water Conservation, Protection of Flora and Fauna, Environment Sustainability and other activities or project/s, which are in accordance with the provisions of Section 135 and Schedule VII to the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Members are requested to refer the CSR Policy of the Company for more specific details, the same together with details of activities, expenditure, etc. are placed on the following weblink of the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com):

Weblink-<https://www.sunflagsteel.com/wp-content/uploads/2018/03/SISCO-CSR-Policy.pdf>.

**2. The Composition of the CSR Committee:**

S N	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Ravi Bhushan Bhardwaj	Chairman, Non Executive Director	5	3
2	Dr. E. R. C. Shekar	Member, Non Executive Independent Director	5	5
3	Mr. Kumar Jitendra Singh	Member, Non Executive, Independent Director	5	5
4	Mr. Surendra Kumar Gupta	Member, Deputy Managing Director	5	5
5	Mr. Pranav Bhardwaj (*)	Member, Managing Director	3	-
6	Mr. Ramchandra V. Dalvi (*)	Member, Executive Director (Works)**	3	3

\* Inducted as the members of the CSR Committee w.e.f. 13<sup>th</sup> August, 2020.

\*\* Re-designated as Director (Technical) w.e.f. 14<sup>th</sup> June, 2021.

**3. Provide the web-link where Composition of CSR Committee, CSR projects approved by the Board are disclosed on the website of the Company.**

Company's website:[www.sunflagsteel.com](http://www.sunflagsteel.com),

Weblink:<https://sunflagsteel.com/wp-content/uploads/2021/08/Details-of-Committees.pdf>.

**4. Provide the 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) : **Not Applicable****
**5. Details of 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 : **Nil****

S N	Financial Year	Amount available for set-off from preceding Financial Year (₹)	Amount required to be set-off for the Financial Year, if any (₹)
		Nil	

6.	Average net profits of the Company as per Section 135(5)	1,55,09,94,339
7.	a) Two percent (2%) of the average net profit of the Company as per Section 135(5)	3,10,19,887
	b) Surplus arising out of the CSR projects or programs or activities of the previous Financial Year	-
	c) Amount required to be set off for the Financial Year, if any	-
	d) Total CSR obligation for the Financial Year (7a + 7b - 7c)	3,10,19,887

**8. a) CSR Amount spent or unspent for the Financial Year 2020-21**

Total Amount Spent for the Financial Year (₹)	Amount Unspent (₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Total Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of Transfer	Name of Fund	Amount	Date of Transfer
2,65,98,308	45,00,000	03.06.2021	-	-	-



**(b) Details of CSR Amount spent against ongoing projects for the Financial Year:**

1	2	3	4		5	6	7
S N	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes / No)		Location of the Project	Project duration	Amount allocated for the project (₹)
			State	District			
1	Construction of Auditorium	Promoting Education	Yes (Maharashtra)	Bhandara	Warthi, Bhandara	3 Years	4,00,00,000
2	Equipment under COVID 19 relief project	Disaster Management, including Relief, Rehabilitation and Reconstruction Activities.	Yes (Maharashtra)	Bhandara & Other District	Maharashtra	1 Year	45,00,000

8	9	10	11	
Amount spent in the current Financial Year (₹)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹)	Mode of Implementation Direct (Yes / No)	Mode of Implementation through implementing Agency	
			Name	CSR Registration Number
0	4,00,00,000	No	Sunflag Foundation	Under process
0	45,00,000	No	Sunflag Foundation	Under process

**(c) Details of CSR Amount spent against other than ongoing projects for the Financial Year:**

S N	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area (Yes / No)	Location of the Project		Amount spent for the project (₹)	Mode of Implementation Direct (Yes / No)	Mode of Implementation through implementing Agency	
				State	District			Name	CSR Registration Number
1.	Promoting health care including preventive health care	Promoting health care including preventive health care	Yes	Maharashtra	Bhandara & Chandrapur	60,25,000	No	Sunflag Foundation	Under process
2.	Promoting education	Special education and employment enhancing vocation skills especially among children, women	Yes	Maharashtra	Bhandara & Chandrapur	15,40,389	No	Sunflag Foundation	Under process
3.	Promoting safe drinking water	Making available safe drinking water	Yes	Maharashtra	Bhandara & Chandrapur	2,31,020	No	Sunflag Foundation	Under process
4.	Promoting sanitation	Health & Sanitation	Yes	Maharashtra	Bhandara & Chandrapur	74,813	No	Sunflag Foundation	Under process
5.	Relief under COVID 19 Pandemic	Disaster management, including relief	Yes	Maharashtra	Bhandara & Chandrapur	34,03,949	No	Sunflag Foundation	Under process
6.	Construction of rural roads	Rural Development Projects	Yes	Maharashtra	Bhandara & Chandrapur	4,06,491	No	Sunflag Foundation	Under process
7.	Environment Sustainability & Protection of Flora & Fauna	Ensuring environmental sustainability	Yes	Maharashtra	Bhandara & Chandrapur	1,49,16,646	No	Sunflag Foundation	Under process

- (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+8e) - ₹ 2,65,98,308/-

(g) Excess amount for set off, if any

S N	Particular	Amount (₹)
i	Two percent (2%) of the average net profit of the Company as per Section 135(5)	3,10,19,887
ii	Total amount spent for the Financial Year	2,65,98,308
iii	Excess amount spent for the Financial Year (ii - i)	-
iv	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
v	Amount available for set off in succeeding Financial Years (iii - iv)	-

## 9. (a) Details of Unspent CSR amount for the preceding three Financial Years:

S N	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135(6) (₹)	Amount spent in the reporting Financial Year (₹)	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 (₹)
1	FY 2017-18	66,65,726	-	-	-	-	66,65,726
2	FY 2018-19	1,57,74,757	-	-	-	-	1,57,74,757
3	FY 2019-20	1,55,67,853	-	-	-	-	1,55,67,853
	<b>TOTAL</b>	<b>3,80,08,336</b>	-	-	-	-	<b>3,80,08,336</b>

## 9. (b) Details of CSR amount spent in the Financial Year for ongoing projects of the preceding Financial Year(s) :

S N	Project ID	Name of the project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹)	Amount spent on the project in the reporting Financial Year (₹)	Cumulative amount spent at the end of the reporting Financial Year (₹)	Status of the project- Completed / Ongoing
1.	P-1	Construction of Auditorium	2019-20	3 Years	4,00,00,000	-	-	Ongoing

## 10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the Financial Year (asset wise details)

- (a) Date of creation or acquisition of the capital asset(s) - **Not Applicable**
- (b) Amount of CSR spent for creation or acquisition of capital asset - **Not Applicable**
- (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 the location of the capital asset) - **Not Applicable**

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135(5) - **Out of amount of ₹ 3,10,19,887/- [Statutory Minimum amount to be spent as per Section 135 (5)], ₹ 2,65,98,308/- have been spent and ₹ 45,00,000/- have been allocated for "Equipment under COVID 19 relief project" during the Financial Year 2020-21.**

Surendra Kumar Gupta  
Deputy Managing Director  
DIN - 00054836

Ravi Bhushan Bhardwaj  
Non-Executive Chairman &  
Chairman - CSR Committee  
DIN: 00054700

**ANNEXURE 'III' TO BOARD'S REPORT**  
**Form No. MR – 3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR 2020-2021 ENDED 31 MARCH 2021**

[Pursuant to Section 204(1) of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (as amended)]

**To**  
**The Shareholders (Members)**  
**Sunflag Iron and Steel Company Limited**  
**C I N – L 27100 MH 1984 PLC 034003**  
**33, Mount Road, Sadar, Nagpur – 440001**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, the information and explanation/s provided by the Company, its officers, agents and authorised representatives, during the conduct of Secretarial Audit, review of management representation letter along with quarterly compliance report/s by respective department head/s, Company Secretary, Chief Financial Officer, Deputy Managing Director, noted and taken on record by the Board of Directors of the Company, at their meeting/s, and considering the relaxation/s granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID - 19 Pandemic and also, the limitation for verification of physical record/s of the Company, which were obtained through electronic mode, we do hereby report that, in our opinion, the Company has, during the audit period covering the financial year 2020-2021 ended 31 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 the Company for the financial year 2020-2021 ended 31 March 2021 according to the provisions of:-

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

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

- I) The Secretarial Standards [SS-1 for Meetings of the Board of Directors, SS-2 for General Meetings and SS-3 for Dividend] issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, to the extent and as may be applicable to the Company.
- II) The Uniform Listing Agreement/s entered into by the Company with BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE'), pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended], ["Listing Regulations"].

During the audit period [financial year 2020-2021 ended 31 March 2021] under review, the Company has duly complied with the provisions of the Act, Rules, Regulations, Circulars, Guidelines, Standards, etc. mentioned above.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:-

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

We further report that :-

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

Adequate notice, agenda and detailed notes on agenda, generally of seven days in advance, except where consent of requisite number of Director/s was received for scheduling meeting at a shorter notice, was given to all the Director/s to schedule the Board and its Committee meeting/s. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

We further report that during the audit period [financial year 2020-2021 ended 31 March 2021], the Company has following specific events or actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Circulars, Guidelines, Standards, etc.:-

- (1) The Board of Directors, based on the recommendation of Audit Committee, of the Company, has approved and made an enhancement in its investments in Equity Share Capital [Issued, Subscribed and Paid-up Share Capital of ₹ 20,00,00,000/- (₹ Twenty Crores) Only] of Ramesh Sunwire Private Limited, a Joint Venture [Associate] Company, comprising of Sunflag Iron and Steel Company Limited [49%] and Stumpp Schuele and Somappa Springs Private Limited [51%] from ₹ 4,90,00,000/- (₹ Four Crore Ninety Lakh) Only to ₹ 9,80,00,000/- (₹ Nine Crore Eighty Lakh) Only.
- (2) The Shareholders (Members) of the Company, at their Thirty-fourth (34) Annual General Meeting held on Monday, the 21 September 2020 through Video Conferencing (VC) or Other Audio-Visual Means (OAVM), [based on approval and recommendation/s of Nomination & Remuneration Committee and further approval and recommendation/s of the Board of Directors of the Company, at their respective Meeting/s], has approved the followings:-
  - (a) Pursuant to the provisions of Section 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and / or re-enactment thereof for the time being in force), and Article 151 to 154 of the Articles of Association of the Company:-
    - (i) Re-appointment of Mr. Pranav Bhardwaj, [DIN – 00054805], as the Managing Director, designated Key Managerial Personnel of the Company, not liable to retire by rotation, for a further period of Five (5) years effective 17 January 2021;
    - (ii) Re-appointment of Mr. Surendra Kumar Gupta, [DIN – 00054836], as the Deputy Managing Director, designated Key Managerial Personnel of the Company, liable to retire by rotation, for a further period of Three (3) years effective 30 July 2020;
    - (iii) Re-appointment of CA Rambhatla Muralidhar, [DIN – 00982212], as the Executive Director (Finance), designated Key Managerial Personnel of the Company, liable to retire by rotation, for a further period of Three (3) years effective 14 August 2020; and
    - (iv) Re-appointment of Mr. Ramchandra Vasant Dalvi, [DIN – 00012065], as the Executive Director (Works), designated Key Managerial Personnel of the Company, liable to retire by rotation, for a further period of Three (3) years effective 14 August 2020.
  - (b) Pursuant to the provisions of Section 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, Schedule IV to the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Listing Regulations]:-
    - (i) Appointment of Mr. Anand Sadashiv Kapre, [DIN – 00019530], as a Non-executive, Independent Director of the Company, for a fixed first term of Three (3) consecutive years [21 September 2020 to 20 September 2023];
    - (ii) Appointment of CA Vinita Bahri, [DIN – 03109454], as a Non-executive, Independent Director of the Company, for a fixed First term of Five (5) consecutive years [21 September 2020 to 20 September 2025]; and
    - (iii) Re-appointment of CA Neelam Kothari, [DIN – 06709241], as a Non-executive, Independent Director of the Company, for a fixed Second term of consecutive Five (5) years [21 September 2020 to 20 September 2025].

**Note:-** The Government of India is satisfied that the country is threatened with the spread of COVID-19 epidemic which has already been declared as a Pandemic by the WHO, and has considered it necessary to take effective measures to prevent its spread across the country and that there is a need for consistency in the application and implementation of various measures and accordingly, has issued necessary directions for strict implementation of lockdown across the country.

Accordingly, the issue of this Secretarial Audit Report in Form No. MR-3, is subject to the relaxation/s granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India and also, the limitation for verification of physical record/s of the Company, which were obtained through electronic mode.

**Signed and Issued on this Friday, the 30 day of July 2021 at Nagpur.**

**For Messers Mukesh Parakh & Associates  
Company Secretaries  
Unique Identification Number S2015MH344000**

**CS Mukesh Dulichandji Parakh  
Proprietor  
Membership No. FCS - 4343  
Certificate of Practice No. 13693  
Peer Review Certificate No. 846/2020**

**Unique Document Identification Number (UDIN): F004343C000714371 Dated 30 July 2021.**

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

### Annex A

**To  
The Shareholders (Members)  
Sunflag Iron and Steel Company Limited  
C I N – L 27100 MH 1984 PLC 034003  
33, Mount Road, Sadar, Nagpur – 440001**

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

#### 1. Management's Responsibility

- (a) It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.
- (b) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

#### 2. Auditor's Responsibility

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

#### 3. Disclaimer

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Signed and Issued on this Friday, the 30 day of July 2021 at Nagpur.**

**For Messers Mukesh Parakh & Associates  
Company Secretaries  
Unique Identification Number S2015MH344000**

**CS Mukesh Dulichandji Parakh  
Proprietor  
Membership No. FCS - 4343  
Certificate of Practice No. 13693  
Peer Review Certificate No. 846/2020**

**Unique Document Identification Number (UDIN): F004343C000714371 Dated 30 July 2021.**

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**ANNEXURE 'IV' TO BOARD'S REPORT****CERTIFICATE****Prevention of Sexual Harassment of Women at the Workplace and its Prohibition and Redressal***[Pursuant to Section 22 & 28 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013]*

This is to certify that:-

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

The following is the summary of sexual harassment complaints received and disposed-off during the Financial Year 2020-21 under review:

Number of Complaints received	<b>NIL</b>
Number of Complaints disposed off	<b>NIL</b>

**For and on behalf of the Board**

**Nagpur**  
**30<sup>th</sup> July, 2021**

**Mr. Pranav Bhardwaj**  
**Managing Director**  
**DIN - 00054805**

**Surendra Kumar Gupta**  
**Deputy Managing Director**  
**DIN - 00054836**

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## MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

**SUNFLAG STEEL** has added facilities like Electro Slag Refining (ESR); Vacuum Induction Melting (VIM) and Vacuum Arc Remelting (VAR), which will cater to Aerospace and Defence for rocket, missiles and submarine applications.

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

### GLOBAL ECONOMIC SCENARIO & OUTLOOK

#### A) MACRO-ECONOMIC CONDITIONS

According to the World Economic Situation and Prospects 2021 Report, produced by the United Nations Department of Economic and Social Affairs (UN DESA), the world economy was hit by a once in a century crisis a Great Disruption unleashed by the COVID-19 pandemic in 2020.

The global economy shrank by 4.3 per cent last year, over two and a half times more than during the global financial crisis of 2009. The modest recovery of 4.7 per cent expected in 2021 would barely offset the losses of 2020.

The global economy was significantly impacted by COVID-19 led disruptions in 2020 resulting in contraction across the leading economies barring China. China has been the only major economy to register a growth of 2.3% in 2020, whilst other economies witnessed a contraction. Although recovery was seen in the second half of 2020 with lifting of lockdowns, it has been inconsistent across countries due to resurgence of infections, varying levels of policy support and access to medical facilities.

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 Q3FY2020-21 after a contraction in the previous two quarters. Real GDP is estimated to have contracted by 8% in FY 2020-21.

According to the fiscal year estimates released in the World Economic Situation and Prospects 2021 Report, India's economy is to grow at 7 per cent rate in fiscal year 2021, slowing down again to 5.6 per cent in 2022.

#### B) ECONOMIC OUTLOOK

The COVID-19 pandemic is inflicting high and rising human costs worldwide, and the necessary protection measures are severely impacting economic activity. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast. In 2021 global growth is projected at 5.4 percent moderating to 4.4% in 2022. The projections for 2021 and 2022 are stronger than that of 2020 World Economic Outlook. The upward revision reflects additional fiscal support in a few large economies, the anticipated vaccine-powered recovery in the second half of 2021, and continued adaptation of economic activity to subdued mobility. High uncertainty surrounds this outlook, related to the path of the pandemic, the effectiveness of policy support to provide a bridge to vaccine-powered normalization, and the evolution of financial conditions.

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. Divergent recovery paths are likely to create wider gaps in living standards across countries compared to pre-pandemic expectations.

The World Bank predicted India's economy to contract by 9.6% in Financial Year 2020-21 and recover to 5.4% in the next fiscal. The Indian economy, which grew at 4.7 per cent in 2019, will contract by 9.6 per cent in calendar year 2020, as lockdowns and other containment efforts slashed domestic consumption without halting the spread of the disease, despite drastic fiscal and monetary stimulus.

India's economic growth is forecast to be 7.3 per cent in 2021, the fastest growing major economy with only China coming in a close second with a 7.2 per cent projected growth rate in calendar year 2021.

#### C) INDIAN ECONOMY

In India, the pandemic hit the economy at a time when growth was already decelerating, the World Bank said in its Global Economic Prospects report. In India, growth is expected to recover to 5.4 per cent in 2021, as the rebound from a low base is offset by muted private investment growth given financial sector weaknesses.

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Financial Year 2020-21 began on a very weak note for India, as the onset of the pandemic triggered panic and brought most economic activities to a near halt in the First Quarter. Protecting lives and livelihoods became the core priority of the Government, while implementing business continuity plans and adopting the new normal became the priority for industry.

In India the growth will depend upon the trajectory of the pandemic, the overall impact on the economy in the year 2021 is expected to be less severe than last year. India is expected to witness a full economic recovery in second half of Financial Year 2021-22 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 Financial Year 2022-23 only, provided no further economic disruption occurs and success of the ongoing vaccination drive.

## **D) ECONOMIC AND BUSINESS OUTLOOK- GLOBAL AND INDIAN STEEL INDUSTRY**

### **1. GLOBAL AND INDIAN STEEL INDUSTRY**

The global steel industry, like many other industries witnessed a year of two splits in year 2020. A sharp decline in both steel demand and production in the first half and sharper than expected recovery in the second half. Global steel production in 2020 dropped by 0.9% to 1864 MT from 1880 MT in 2019. Steel demand fell by 0.20% to 1771.80 MT from 1775 MT 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. 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.

In India, as per Indian Steel Association (ISA), steel demand is estimated to grow 7% in year 2021. In year 2020, crude steel production and finished steel production in India was 108.5 MT and 101.03 MT, respectively. Between April 2020 and February 2021, India's cumulative production of finished steel stood at 85.60 MT while the cumulative production of crude steel stood at 92.78 MT.

In 2019, the Government introduced Steel Scrap Recycling Policy with an aim to reduce import. The industry is also benefitting from the developments happening across various industries. The new Vehicle Scrapage policy will help in reducing the steel prices since the policy enables recycling the materials used in old vehicles. In 2021, Indian Railways is planning to procure over 11 lakh tons of steel for the track renewal and laying new lines across the country.

Government has taken various steps to boost the sector including allowing 100% Foreign Direct Investment (FDI) in the steel sector under the automatic route. According to the data released by Department for Promotion of Industry and Internal Trade (DPIIT), Indian metallurgical industries attracted Foreign Direct Investment (FDI) to the tune of US\$ 14.24 billion between April 2000 and September 2020.

In January 2021, the Ministry of Steel, Government of India, signed a Memorandum of Cooperation (MoC) with the Ministry of Economy, Trade and Industry, Government of Japan, to boost the steel sector through joint activities under the framework of India-Japan Steel Dialogue.

### **2. OUTLOOK FOR STEEL INDUSTRY- OPPORTUNITIES AND THREATS**

Over the last 6 months, the demand for steel by all the end-user segments has grown more than what was anticipated and this was primarily bolstered by the massive stimulus measures undertaken or announced by the US, EU, UK, Japan, China and now India. The ability of the advanced countries to enhance market borrowing as a percentage of GDP exceeds that of the emerging economies due to the prevailing low interest rate which still needs a long time to be achieved by India.

India ended Financial Year 2020-21 with a total steel consumption of 94.14 MnT of steel which is nearly 6 percent lower than the previous year.

A study conducted by World Steel in collaboration with the Indian Steel Association notes that the construction sector is going to be a pan-India driver of steel demand in the country. This would be driven by strong government thrust for infrastructure development and housing for all. Government initiatives such as 'Smart Cities' and 'Affordable Housing' as well as building of industrial corridors will boost India's steel demand noticeably. For the country, it means enhanced connectivity, reduced logistical costs and well-distributed development spanning all Indian states.

In Financial Year 2021-22, crude steel production is expected to reach 112-114 million tonnes, which would be a growth of 8-9% YOY basis. The crude steel production is expected to be marginally higher than Financial Year 2019-20 when India produced nearly 111 million tonnes of crude steel. Steel demand will be supported by economic recovery, government spending and enhanced liquidity. The Union Budget for 2021-22 has a sharp 34.5% YOY increase in allocation for Capex at 5.54 lakh crore. The budget's thrust is on infrastructure creation and manufacturing to propel the economy. Therefore, enhanced outlays for key sectors like defence services, railways and roads transport and highways would provide impetus to steel consumption which is expected to grow by 10-12% in Financial Year 2021-22 to cross 100 million tonnes for the first time ever.

An up-cycle in steel prices is expected to continue in Financial Year 2021-22. Stimulus package unveiled by various countries will keep demand for steel high. Absence of China from the world export market and higher import of steel from China is one of the major factor keeping steel prices elevated. Continued higher demand from China on the back of stimulus package and the country's desire to bring down production levels in 2021 to reduce Co2 levels will be an important factor that will strengthen steel prices. Cost push from iron ore prices will remain. Demand-supply imbalance in the global market will also continue to present export opportunities to domestic players.



The National Steel Policy, 2017 envisage 300 million tonnes of production capacity by 2030-31. The per capita consumption of steel has increased from 57.6 kgs to 74.1 kgs during the last five years. The government has a fixed objective of increasing rural consumption of steel from the current 19.6 kg/per capita to 38 kg/per capita by 2030-31.

Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

#### **OPPORTUNITIES**

**SUNFLAG STEEL** has commissioned its Super Alloy Steel manufacturing facility during the year under review and now shall be able to cater to requirements related to Aircraft Parts, Armaments, Submarine Parts, Space Vehicle and Rocket Engines, Nuclear Reactor, Super-critical Power Plants, Industrial and Vehicle Gas Turbines, Petro-Chemical Plants and other High Temp and Corrosive Applications. This will enable the Company to reduce its dependency on automotive and auto ancillary industries and create opportunity for expansion and foray in new markets.

Besides this, the Government has recently announced Production Linked incentive scheme (PLI) for manufacturers of special alloy steel which is an import substitute. This is expected to boost steel consumption.

**SUNFLAG STEEL** is already manufacturing certain grade of steel which are covered under the said scheme and would explore the opportunity to avail benefit under PLI scheme.

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.

#### **CURRENT CHALLENGES / THREATS**

Raw material consumption is the major component in the total expenditure for Sunflag Steel. The availability and prices of raw material viz. iron ore, coking coal, LAM coke, high value ferro alloys etc. which continues to remain volatile coupled with uncertain demand in the Automobile industry are the major threats for Sunflag Steel. Although this risk is mitigated to some extent with increase in the sales price on finished goods, but there is always some time lag in getting price increase. Further, with the delay in on-going project owing to COVID-19, the Company may end up with losing opportunity to expand its market share.

With a growing NPAs in the banking sector and stringent norms being imposed by RBI, timely availability of funds for working capital needs have become major challenge for Sunflag, particularly to take care of the temporary requirement of working capital and taking advantage of market demand.

Further, economic growth in South Asia in 2021 will be insufficient, at 6.9 per cent, to make up for the losses of 2020, as pandemic hotspots re-emerge and, increasingly, the ability of governments to deal with the multitude of challenges becomes exhausted.

While trade, remittances and investment are expected to pick up in 2021, as much of the global economy moves towards recovery from the widespread lockdown, investment and domestic consumption in many South Asian countries will nevertheless remain subdued owing to the continuing threat of the pandemic and the scarring effects of the crisis.

#### **SUSTAINABILITY**

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

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

#### **MATERIAL DEVELOPMENT**

During the year under review, **SUNFLAG STEEL** could see some material change in the top line and in profitability. Indian Steel industry has been driven by availability of raw material viz. iron ore, coal etc. and cost of labour. Consequently, the Financial Year under review remained volatile during the year. Further, your Company with continuous development of new grades of steel and upgradation of plant and equipment, could maintain its presence in the market particularly in automobile industry. As a result, there was an increase in the sales and profit before tax. EBIDTA as a percentage to total income for the year was 13.53% as against 10.27% for the previous year.

In order to achieve effective cost reduction and improvement in productivity, activity of Total Productive Maintenance (TPM) continued to be implemented by the Company during the Financial Year 2020-21 under review.

#### **CORPORATE GOVERNANCE**

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

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

#### **CAUTIONARY STATEMENT**

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

## BUSINESS RESPONSIBILITY REPORT - 2020-21

The Business Responsibility Report (BRR) is one of the avenues to communicate the Company's obligations and performance to all its stakeholders.

This report conforms to the Business Responsibility Reporting (BRR) requirement of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') and the National Voluntary Guidelines (NVG) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs (MCA), India. In order to provide guidance to businesses regarding the responsible business conduct, Ministry of Corporate Affairs, Government of India, released a set of guidelines in 2011 called the National Voluntary Guidelines on the Social, Environmental and Economic Responsibilities of Business (NVGs).

In order to align the NVG's with the Sustainable Development Goals, as per the United Nations Guiding Principles on Business and Human Rights (UNGP), the new principles called the National Guidelines on Responsible Business Conduct (NGRBC) were formed in March, 2019.

The Business Responsibility Report of the Company describes the initiatives taken by the Company from an environmental, social and governance perspective. It is prepared as per the suggestive format as prescribed by the Securities and Exchange Board of India.

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY:

1	Corporate Identity Number (CIN) of the Company	L 27100 MH 1984 PLC 034003
2	Name of the Company	Sunflag Iron and Steel Company Limited
3	Registered Office address	33, Mount Road, Sadar, Nagpur – 440001, MH, IN Tel. No.: +91 712-2524661; Fax No.: +91 712-2520360
4	Website	www.sunflagsteel.com
5	e-mail id	investor@sunflagsteel.com
6	Financial Year reported	2020-21
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Manufacture of Steel and Steel products National Industrial Classification (NIC) Code: 2410
8	List three key products / services that the Company manufactures/provides (as in Balance Sheet)	Flat Bar, Round Bar, Bright Bar in Carbon, Alloy and Stainless Steels
9	Total number of locations where business activity is undertaken by the Company: a) Number of International Locations b) Number of National Locations	Nil Manufacturing facilities are situated at Warthi, Bhandara Road, Bhandara-441905, Maharashtra, India. Coal Mines at Belgaon, Maharashtra. Registered Office at Nagpur, Maharashtra and it has branch offices mainly at Delhi, Faridabad, Thane, Chennai, Pune and Bangaluru.
10	Markets served by the Company – Local / State / National / International	National & International

### SECTION B: FINANCIAL DETAILS OF THE COMPANY:

₹ in Lakh

		F.Y. 2020- 21 Standalone	F.Y. 2020- 21 Consolidated
1.	Paid up Capital	18,022	18,022
2.	<b>Total Turnover</b>		
	a) Revenue from operations (Gross)	1,89,155	1,89,155
	b) Other income	1,092	1,098
3.	Total profit after taxes and Minority Interest	13,352	14,062

4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)**: ₹ 2,65,98,308/- spent on CSR activities by the Company during Financial Year 2020-21, which is 1.99% of the profit after tax for the Financial Year 2020-21.

5. **List of activities in which expenditure in 4 above has been incurred:-**

- i) Promotion of Healthcare
- ii) Promotion of Education, Training & Skill Development
- iii) Promoting Sanitation
- iv) Safe Drinking Water Facilities
- v) Environmental Sustainability and Protection of Flora & Fauna
- vi) Construction of Rural Roads
- vii) Relief under COVID-19 Pandemic

**SECTION C: OTHER DETAILS:**1. Does the Company have any Subsidiary Company/ Companies? : **Yes**

S. N.	Name and address of the Company	CIN/GLN	Subsidiary	% of shares held
1	<b>Sunflag Power Limited</b> B-203, Mount View Apartment, Near Ansal Green Valley, Bhagirathipuram, Jakhan, Rajpur Road, Dehradun – 248001, UR, IN	U31200UR2003PLC027802	Wholly- Owned Subsidiary	100.00
2	<b>Khappa Coal Company Private Limited</b> 33, Mount Road, Sadar, Nagpur – 440001, MH, IN	U10100MH2009PTC191907	Subsidiary & Joint Venture Company	63.27
3	<b>Sunflag Foundation</b> 33, Mount Road, Sadar, Nagpur – 440001, MH, IN	U74999MH2017NPL289961	Wholly- Owned Subsidiary (Section 8 Company)	100.00

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such Subsidiary Company(s):

Subsidiary Companies in their usual business activities and issues related to business responsibilities adopt and practice the Parent Company's principles and policies, though there are no such formal agreement therefor.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

The Company has no such arrangements with other business entities, being its suppliers, distributors etc., however they are encouraged to adopt such practices and follow the principle of being a responsible business entity.

**SECTION D: BR INFORMATION:**

1. Details of Director(s) responsible for BR

a) Details of the Director(s) responsible for implementation of the BR Policy/Policies:

- DIN :00054836
- Name : Mr. Surendra Kumar Gupta
- Designation : Deputy Managing Director

b) Details of the BR Head:

S. N.	Particulars	Details
1.	DIN Number (if applicable)	00054836
2.	Name	Mr. Surendra Kumar Gupta
3.	Designation	Deputy Managing Director
4.	Telephone number	0712-2524661
5.	e-mail Id	skgupta@sunflagsteel.com

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These are as follows:

P1	Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.
P2	Businesses should provide goods and services in a manner that is sustainable and safe.
P3	Businesses should respect and promote the well-being of all employees, including those in their value chains.
P4	Businesses should respect the interests of and be responsive to all their stakeholders.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect and make efforts to protect and restore the environment.
P7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.
P8	Businesses should promote inclusive growth and equitable development.
P9	Businesses should engage with and provide value to their consumers in a responsible manner.

a) Details of compliance (Reply in Y/N)

S N	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a Policy/ Policies for BR	Yes. The Company has policy for Business Responsibility. Besides this, the Company has formulated policies and Standard Operating Procedure (SOP) to provide clarity to its personnel at various operating level.								
2.	Has the policy being formulated in consultation with the relevant stakeholders?	The Company has formulated the policies, SOPs and adopted best practices by considering inputs, feedback and sensitivities of the stakeholders, wherever practicable.								
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies/practices broadly conform to the National Voluntary Guidelines (NVGs) issued by the Ministry of Corporate Affairs, Government of India, July 2011.								

S N	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Policies have been approved by the Board wherever it is mandatorily required and signed by the Executive Director of the Company.								
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The BR initiatives are informally led by the Executive Director under guidance of CSR Committee and overall supervision of the Board of Directors.								
6.	Indicate the link for the policy to be viewed online?	The BR initiatives of the Company are presently governed by its BR Policy and various other Policies including Code of Conduct, Whistle Blower Policy, Corporate Social Responsibility Policy, Code of Fair Disclosure and SOPs (Environmental, Occupational Health and Safety, Policy for Prevention of Sexual Harassment, Quality Policy etc.). These policies can be viewed on the Company's website at: <a href="http://www.sunflagsteel.com">www.sunflagsteel.com</a> .								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	It has been tried best to make the internal stakeholders aware of the policies. SOPs are distributed through the HODs to the concerned stakeholders. External Stakeholders are communicated to the extent applicable and relevant. To the extent it is mandatory, policies are also updated on the website of the Company.								
8.	Does the Company have in-house structure to implement the policy/ policies?	Yes								
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	The Company has an effective grievance redressal mechanism related to the policy/policies and a system to address the stakeholder's grievances related to the policy/policies in a time bound and fair manner.								
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Apart from self-certification, discussions in meetings of cross functional teams, certain areas related to EHS, customer satisfaction and quality are subject to internal audit by independent third-party agencies and domain expert consultants. The compliance is also evaluated during the process of certification of various international quality standards. The spending and controls of corporate social responsibility are verified by statutory auditors. External EHS Audit by TUV India Ltd. conducted on 15 <sup>th</sup> -17 <sup>th</sup> June, 2020, 22 <sup>nd</sup> -24 <sup>th</sup> April, 2021.								

b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options):

S N	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles.	<b>NOT APPLICABLE</b>								
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3.	The Company does not have financial or manpower resources available for the task.									
4.	It is planned to be done within next 6 months.									
5.	It is planned to be done within the next 1 year.									
6.	Any other reason (please specify).									

### 3. Governance related to BR:

a.	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Executive Director and the Board of Directors review/assess on Quarterly and Annual basis respectively, the BR performance of the Company.								
b.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	This report forms an integral part of the Annual Report 2020-21 of the Company. The Annual Report along with the BR Report will be uploaded every year on the web site of the Company at <a href="http://www.sunflagsteel.com">www.sunflagsteel.com</a> .								

**SECTION E: PRINCIPLE-WISE PERFORMANCE:**
**Principle 1 - Businesses should conduct and govern themselves with integrity in a manner that is Ethical, Transparent and Accountable.**

1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No.  Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?	Yes. The Policy relating to ethics, bribery and corruption covers the Company and the values and principles of the Company are normally practiced in the conduct of the business by its wholly owned subsidiaries. All suppliers, partners and others are expected to adopt the policy.
2.	How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.	During the year under review, 5 queries/grievances were received from the shareholders of the Company and had been duly replied/addressed. All the queries received from the other stakeholders were duly replied, no such major complaint has been received under the investigation mechanism from any stakeholder.

**Principle 2 - Businesses should provide goods and services in a manner that is sustainable and safe**

1.	List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.	<b>a) Stainless Steels</b> : Stainless Steels are 100% recyclable, environment friendly and with long life. Stainless Steel Rebars were developed to achieve long life. <b>b) Steel for Turbine Blades</b> : Turbine Blade steel is used in manufacture of steam turbines for Power Plants. <b>c) Steel for Defence</b> : Sunflag is one of the major manufacturers of Steel for Bombshells for Defence.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional).  a) Reduction during sourcing/production /distribution achieved since the previous year throughout the value chain? b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?	Company is certified for ISO 14001 (Environmental Management System) and ISO 45001 (Occupational Health and Safety Management System). Company is continuously engaged in environment friendly initiatives like Energy conservation, Water conservation, reduction in emissions, waste minization, waste recycling. (please refer principle 6 for details). There was no reduction in the overall value chain in sourcing costs during the year 2020-21. The Company is persistently engaged in taking measures to conserve the energy (please refer to Annexure- I to the Board's Report).
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)?  a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.	Yes, Company ensures sustainable sourcing through responsible supply chain procurement practices and selection criteria focused on Quality, Environment, Health and Safety compliances as per SOPs defined in IATF 16949, ISO 14001 and ISO 45001. As already explained, Company is giving utmost importance to sustainable sourcing based on systems, however, it is difficult to quantify exactly in terms of percentage.
4.	Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?  a) If yes, what steps have been taken to improve their capacity and capability of local & small vendors?	Yes As a part of vendor development programme defined in IATF 16949, SISCO develops local and small vendors in the proximity of the plant every year. Technical assistance is given wherever required and audits are conducted to ascertain capability.
5.	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also, provide details thereof, in about 50 words or so.	As per last year Environment Audit Report 2019-20 - Solid waste recycle/reuse in plant is @ 85% and landfill is @15%.

**Principle 3 - Businesses should respect and promote the well-being of all employees, including those in their value chains.**

1.	Please indicate the Total number of employees.	1098 as on 31 <sup>st</sup> March, 2021 (Permanent Employees).
2.	Please indicate the Total number of employees hired on temporary/contractual/ casual basis.	1459

3.	Please indicate the Number of permanent women employees.	05			
4.	Please indicate the Number of permanent employees with disabilities.	03			
5.	Do you have an employee association that is recognized by management?	Yes			
6.	What percentage of your permanent employees is members of this recognized employee association?	42.71%			
7.	Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending at the end of the Financial Year.	<b>S. N.</b>	<b>Category</b>	<b>No. of complaints filed during the FY 2020-21</b>	<b>No. of complaints pending at the end of the FY 2020-21</b>
		1.	Child Labour/Forced Labour/Involuntary Labour	0	0
		2.	Sexual Harassment	0	0
		3.	Discriminatory Employment	0	0
8.	What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year? a) Permanent Employees b) Permanent Women Employees c) Casual / Temporary / Contractual Employees d) Employees with Disabilities	Safety Training Provided during 2020-21: 52.45% and Skill up-gradation: 73.8 %. Safety Training Provided during 2020-21: 25% and Skill up-gradation: 50 %. Safety Training Provided during 2020-21: 94.5 % and Skill up-gradation: 88 %. Safety Training provided during 2020-21: 66 % and Skill up-gradation: 66 %.			

**Principle 4 - Businesses should respect the interests of and be responsive to all their stakeholders.**

1.	Has the Company mapped its internal and external stakeholders?	Yes, the internal and external stakeholders of the Company are its Employees, Customers, Government authorities, Suppliers, Charitable organisations, Trade and Chamber associations, Shareholders and the Society.
2.	Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders.	All stakeholders are equally important for the Company. Through CSR activities, Company is committed for the betterment of poor and underprivileged.
3.	Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.	Under the CSR initiatives, as already mentioned in Board's Report, Company is contributing towards vulnerable and marginalized stakeholders.

**Principle 5 - Businesses should respect and promote human rights.**

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group/ Joint Ventures/ Suppliers /Contractors/NGOs/Others?	Although Company or its Subsidiaries / Joint Ventures do not have any separate policy on human rights, it has been practicing to respect human rights as a responsible corporate citizen, without any gender discrimination and exploitation.
2.	How many stakeholder(s) complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?	Company has not received any complaints from any stakeholder relating to human rights during the Financial Year 2020-21.

**Principle 6 - Businesses should respect and make efforts to protect and restore the environment.**

1.	Does the policy related to Principle 6 cover only the Company or extends to the Group / Joint Ventures/ Suppliers/ Contractors/NGOs/others ?	Only the Company. Other stakeholders are expected to adopt the policy.
2.	Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.	Yes, the Company is conscious of the global environment issues. Company ensures emissions like SOx and NOx to be within acceptable limits. Company is also committed to water conservation, energy conservation and tree plantation. Refer to Annexure- I to the Board's Report 2020-21 at <a href="http://www.sunflagsteel.com">www.sunflagsteel.com</a> .

3.	Does the Company identify and assess potential environmental risks? Y/N	Yes
4.	Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?	Clean Development Mechanism – Company's Sinter Plant which utilizes Solid waste, Hazardous waste and Effluents. <b>Sinter Plant Process:</b> Sinter used in Mini Blast Furnace (MBF) upto 80% of total iron ore requirement. Sinter Plant has ability to reuse all solid waste & Hazardous waste /under size material generated in iron & steel making process containing oxides, carbon and flux material. Usually, these materials are land filled at the plant site or are hauled away for disposal, they must be recycled or disposed of properly. The recycling of waste materials via the sintering process has helped to achieve a saving in the cost of the raw materials (for example, fuels and ore) and reduction in pollution. To control the Air Pollution, Secondary Fume Extraction System (FES) is installed at Steel Melt Shop, ESP used at DRP, CPP and Sinter Plant. Half yearly Environment compliances report is submitted to Mo EFCC.
5.	Has the Company undertaken any other initiatives on – Clean Technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.	Yes -(1) Mini Blast Furnace (MBF) gas is used as a fuel, to replace partly Furnace oil, Coal etc. of Rolling Mills, CPP, Sinter Plant, Hardening & Annealing furnaces etc. (2) LPG is used for Annealing furnaces. (3) Replaced all lights of Plant, Guest House & Colony with LED lights. (4) 10 nos. Solar lights were installed on roads. (5) Solar Water Heaters installed at Guest House.
6.	Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?	Yes, already available in Environment Audit Report submitted to Maharashtra Pollution Control Board.
7.	Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) at the end of Financial Year.	No show cause/ legal notices were received from CPCB/SPCB during the Financial Year 2020-21.

**Principle 7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.**

1.	Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:	The Company is a member of various trade and chamber or association, mainly: (a) Confederation of Indian Industries (CII) (b) TPM Club of India (c) Quality Circle Forum of India (d) Alloy Steel Producers Association (ASPA)
2.	Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (such as Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).	Company is actively in touch with various organizations for improvement of various economic and social policies for sustainable development.

**Principle 8 - Businesses should promote inclusive growth and equitable development.**

1.	Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.	Yes, under its CSR activities such programmes and projects are undertaken by the Company. The details of the projects undertaken and expenditure made are given in Annexure- II to the Board's Report 2020-21. Some of the key areas under which the projects/programmes/initiatives are undertaken are as follows: a. Promotion of Healthcare. b. Promotion of Education, Training & Skill Development. c. Promoting Sanitation. d. Safe Drinking Water Facilities. e. Environmental Sustainability and Protection of Flora & Fauna. f. Construction of Rural Roads. g. Relief under COVID-19 Pandemic.
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2.	Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/ any other organization?	The Company's Social Projects are carried on under the Company's CSR Policy by M/s. Sunflag Foundation, a Section 8 Company which is the wholly owned subsidiary of the Company and operates as an Implementing Agency for the Company.																											
3.	Have you done any impact assessment of your initiative?	Representatives of the Company regularly visit places where CSR activities were carried out. The impact and benefits to society are reviewed on regular basis.																											
4.	What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken	Under its CSR activities during the Financial Year 2020-21, Company has contributed to various community development areas and projects as detailed below: <table border="1" data-bbox="684 506 1437 920"> <thead> <tr> <th>Sr.</th> <th>Particular</th> <th>Amt. Spent ( ₹)</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Promotion of Healthcare</td> <td>60,25,000</td> </tr> <tr> <td>2.</td> <td>Promoting Sanitation</td> <td>74,813</td> </tr> <tr> <td>3.</td> <td>Promotion of Education, Training &amp; Skill Development</td> <td>15,40,389</td> </tr> <tr> <td>4.</td> <td>Relief under COVID 19 Pandemic</td> <td>34,03,949</td> </tr> <tr> <td>5.</td> <td>Safe Drinking Water Facilities</td> <td>2,31,020</td> </tr> <tr> <td>6.</td> <td>Environmental Sustainability and Protection of Flora &amp; Fauna</td> <td>1,49,16,646</td> </tr> <tr> <td>7.</td> <td>Construction of Rural Roads</td> <td>4,06,491</td> </tr> <tr> <td></td> <td><b>Total</b></td> <td><b>265,98,308</b></td> </tr> </tbody> </table>	Sr.	Particular	Amt. Spent ( ₹)	1.	Promotion of Healthcare	60,25,000	2.	Promoting Sanitation	74,813	3.	Promotion of Education, Training & Skill Development	15,40,389	4.	Relief under COVID 19 Pandemic	34,03,949	5.	Safe Drinking Water Facilities	2,31,020	6.	Environmental Sustainability and Protection of Flora & Fauna	1,49,16,646	7.	Construction of Rural Roads	4,06,491		<b>Total</b>	<b>265,98,308</b>
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5.	Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.	Yes, the CSR activities were carried out as per Company's Policy. The Procedure for identification of activities includes requests from concerned Gram-Panchayats, approach to elected body of villages / senior citizens, old age home, District Collector Office. Assessment of need is done by CSR sub-committee and thereafter approval is obtained. The Company continuously monitors the progress of activities and its impact for the betterment of community.																											

**Principle 9 - Businesses should engage with and provide value to their consumers in a responsible manner.**

1.	What percentage of customer complaints/consumer cases are pending at the end of Financial Year?	0% (None of the complaints are pending as on 31 <sup>st</sup> March, 2021).
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No /N.A. /Remarks (additional information)	All Company's despatches are accompanied by Test Certificates and detailed information on the product.
3.	Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending at the end of Financial Year. If so, provide details thereof, in about 50 words or so.	Nil, so not applicable
4.	Did your Company carry out any consumer survey/ consumer satisfaction trends?	Company regularly carries out consumer satisfaction surveys.



## CORPORATE GOVERNANCE REPORT

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

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

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

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

### MANDATORY REQUIREMENTS

#### (1) SUNFLAG PHILOSOPHY ON CORPORATE GOVERNANCE

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

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



**2) BOARD OF DIRECTORS**

a) **Composition:** The Board of Directors of the Company as on 31<sup>st</sup> March, 2021 consisted of:-

Non-executive Director/s	Executive Director/s
<b><u>Promoter Group</u></b> Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) Non-executive Chairman Mr. Suhrit Bhardwaj (DIN - 02318190) Non-executive Director	<b><u>Promoter Group</u></b> Mr. Pranav Bhardwaj (DIN - 00054805) Managing Director
<b><u>Non-Promoter Group - Independent Director/s</u></b> Dr. E.R.C. Shekar (DIN - 00013670) Mr. Kumar Jitendra Singh (DIN - 00626836) CA Neelam Kothari (DIN - 06709241) Mr. Sajiv Dhawan (DIN - 00160085) Mr. Anand Sadashiv Kapre (DIN - 00019530) CA Vinita Bahri (DIN - 03109454)	<b><u>Non-Promoter Group - Non - Independent</u></b> Mr. Surendra Kumar Gupta (DIN - 00054836), Deputy Managing Director CA Rambhatla Muralidhar (DIN - 00982212), Executive Director (Finance) Mr. Ramchandra Vasant Dalvi (DIN - 00012065) Executive Director (Works) *

\* On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company has re-designated Mr. Ramchandra Vasant Dalvi, Executive Director (Works) as Director (Technical) w.e.f. 14-06-2021.

**Note:** During the Financial Year under review i.e. 2020-21 :

- i. Pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and / or re-enactment thereof for the time being in force), Articles 151 to 154 of the Articles of Association of the Company, Mr. Pranav Bhardwaj (DIN : 00054805), has been reappointed as the Managing Director, designated Key Managerial Personnel of the Company, not liable to retire by rotation, for a further period of 5 years effective 17<sup>th</sup> January, 2021.
- ii. Pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and / or re-enactment thereof for the time being in force), Articles 151 to 154 of the Articles of Association of the Company, Mr. Surendra Kumar Gupta (DIN : 00054836), has been re-appointed as Deputy Managing Director, designated Key Managerial Personnel of the Company liable to retire by rotation for a further period of 3 years effective 30<sup>th</sup> July, 2020.
- iii. Pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and / or re-enactment thereof for the time being in force), Articles 151 to 154 of the Articles of Association of the Company, CA Rambhatla Muralidhar (DIN : 00982212), has been re-appointed as an Executive Director (Finance), designated Key Managerial Personnel of the Company liable to retire by rotation for a further period of 3 years effective 14<sup>th</sup> August, 2020.
- iv. Pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and / or re-enactment thereof for the time being in force), Articles 151 to 154 of the Articles of Association of the Company, Mr. Ramchandra Vasant Dalvi (DIN : 00012065), has been re-appointed as an Executive Director (Works), designated Key Managerial Personnel of the Company, liable to retire by rotation for a further period of 3 years effective 14<sup>th</sup> August, 2020.
- v. Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Anand Sadashiv Kapre (DIN – 00019530), Additional Director has been appointed as a Non-executive, Independent Director of the Company for a fixed first term of 3 consecutive years i.e. from 21<sup>st</sup> September, 2020 upto 20<sup>th</sup> September, 2023.
- vi. Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, CA Vinita Bahri (DIN – 03109454), Additional Director has been appointed as a Non-executive, Independent Director of the Company for a fixed first term of 5 consecutive years i.e. from 21<sup>st</sup> September, 2020 upto 20<sup>th</sup> September, 2025.
- vii. Pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and Regulation 16(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, CA Neelam Kothari (DIN: 06709241), has been re-appointed as a Non-executive, Independent Director of the Company for a fixed second term of consecutive 5 years i.e. from 21<sup>st</sup> September, 2020 upto 20<sup>th</sup> September, 2025.

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

**The attendance of the Director/s at the Board Meeting/s and 34<sup>th</sup> Annual General Meeting of the Company, Details of their Directorship in other Companies, Partnership in other Firms or LLP and Membership in the Board Committee/s of the Company and other Listed Companies as on 31<sup>st</sup> March, 2021 :**

- Four meeting/s of the Board were held on 26<sup>th</sup> June, 2020, 13<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 during the financial year 2020-21 under review.
- 34<sup>th</sup> Annual General Meeting (AGM) was held on 21<sup>st</sup> September, 2020.

Sr. No.	Name of Director	No. of Board Meetings Attended	Whether Attended last AGM	Directorship in other Companies#	Partnership in Firm or LLP	Committee Membership of Sunflag and of other Listed Companies
1	Mr. Ravi Bhushan Bhardwaj	3	Yes	3	-	4
2	Mr. Pranav Bhardwaj	4	Yes	6	-	4
3	Dr. E. R. C. Shekar	4	Yes	3	-	8
4	Mr. Kumar Jitendra Singh	4	Yes	1	-	5
5	CA Neelam Kothari	4	Yes	-	1	3
6	Mr. Surendra Kumar Gupta	4	Yes	7	-	6
7	Mr. Suhrit Ravi Bhushan Bhardwaj	2	Yes	1	-	-
8	CA Rambhatla Muralidhar	4	Yes	4	-	3
9	Mr. Ramchandra Vasant Dalvi	4	Yes	2	1	1
10	Mr. Sajiv Dhawan	4	Yes	2	-	1
11	Mr. Anand Sadashiv Kapre	3	Yes	2	-	2
12	CA Vinita Bahri	3	Yes	-	-	-

(#) Directorship in other Companies denotes Companies other than Foreign Companies.

**Details of Directors holding Directorship in other Listed Companies:**

DIN	Name of Director	Name of the Listed Company	Category
00019530	Mr. Anand Sadashiv Kapre	<b>Facor Alloys Limited</b> L27101AP2004PLC043252	Non-Executive, Independent Director
		<b>Facor Steels Limited</b> L27100MH2004PLC146283 (Under Liquidation)	Non-Executive, Independent Director

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

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

The Board of Directors of the Company has identified the core skills / expertise / competencies as required in the context of its business and sector for it to function effectively and which are available with the Board Members, as follows :

- Industry Knowledge and Experience
  - ▲ Experience and knowledge of Industry/ Sector
  - ▲ Mining- Knowledge and experience
- Technical Knowledge / Skills/ Experience
  - ▲ Accounting
  - ▲ Finance & Taxation
  - ▲ Legal
  - ▲ Management
  - ▲ Operational Experience
  - ▲ Sales & Marketing
  - ▲ Projects
  - ▲ Strategic Planning
  - ▲ Administrative Experience
  - ▲ Public Relations
  - ▲ Knowledge of Corporate Governance and Risk Management
- Integrity & High Ethical Standards and ability to devote time and energy to their role

The list comprising the name of Board Members of the Company and the core skills, expertise and competencies possessed by them is given hereunder :

**List of Core Skills, Expertise and Competencies of the Individual Directors :**

Name of Director	Skills/Expertise/Competencies													Integrity & High Ethical Standards and ability to devote time and energy to their role
	Industry Knowledge and Experience		Technical Knowledge / Skills/ Experience											
	Experience and knowledge of Industry/ Sector	Mining-Knowledge and experience	Accounting	Finance & Taxation	Legal	Management	Operational Experience	Sales & Marketing	Projects	Strategic Planning	Administrative Experience	Public Relations	Knowledge of Corporate Governance and Risk Management	
Mr. Ravi Bhushan Bhardwaj	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Pranav Bhardwaj	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Surendra Kumar Gupta	✓	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CA R. Muralidhar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Ramchandra V. Dalvi	✓	✓	-	-	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr. E.R.C. Shekar	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr. Kumar Jitendra Singh	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
CA Neelam Kothari	✓	-	✓	✓	✓	✓	-	-	-	✓	✓	✓	✓	✓
Mr. Anand S. Kapre	✓	✓	-	✓	✓	✓	✓	-	-	✓	✓	✓	✓	✓
Mr. Sajiv Dhawan	✓	-	✓	✓	✓	✓	-	✓	-	✓	✓	✓	✓	✓
CA Vinita Bahri	✓	-	✓	✓	✓	✓	-	-	-	✓	✓	✓	✓	✓
Mr. Suhrit Bhardwaj	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

These skills / competencies are broad-based, encompassing several areas of expertise/experience. Each Director may possess varied combinations of skills/experience within the described set of parameters, and it is not necessary that all Directors possess all skills/experience listed therein.

The Board confirms that in its opinion, the Independent Directors of the Company fulfill the conditions specified in the Listing Regulations and are independent of the management.

The Company ensures that all statutory, significant material information are placed before the Board or its Committees, for their information, consideration, review and ratification and/or approval, if any, to enable them to discharge their responsibilities as trustees of the large family of stakeholders. During the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021, all the information on matters mentioned in terms of Regulation 17(3) and Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ["Listing Regulations"] has been placed before the Board for its information, consideration, review, ratification and/or approval, if any. The Board periodically reviews compliance/s of all laws applicable to the Company.

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

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

**Post meeting follow-up mechanism :-**

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

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

The Code of Conduct has already been communicated to all the Members of the Board and Senior Management. The Code is also available on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com). All the Members of the Board and Senior Management have confirmed, the compliance/s with the Code for the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021. The Annual Report contains a declaration to this effect signed by the Managing Director of the Company.

**c) Woman Director:-**

As per the provisions of the Companies Act, 2013 read with the rules made there under and Listing Regulations, CA Neelam Kothari (DIN - 06709241), Director [Category – Non-executive, Independent], of the Company, a qualified Chartered Accountant and Cost Accountant from Mumbai, continues as a Woman Director on the Board of the Company. In furtherance of woman empowerment, the Company had appointed CA Vinita Bahri (DIN – 03109454), a qualified Chartered Accountant, as an Additional Director [Category – Non-executive, Independent] on the Board of Directors of the Company with effect from 13<sup>th</sup> March, 2020 and regularised as Director [Category – Non-executive, Independent] at the 34<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> September, 2020.

**d) Separate Meeting of Independent Directors:-**

As stipulated by Schedule IV [Code of Independent Directors], to the Companies Act, 2013 and Regulation 25 of the Listing Regulations (as amended), a separate exclusive meeting of the Independent Director/s of the Company was held on 19<sup>th</sup> March, 2021 to review inter-alia the performance of Non-independent Directors (including the Non-executive Chairman) of the Company and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board & its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

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

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

The induction for Director/s includes interactive sessions with executive committee members, business and functional heads, visit to the manufacturing and coal mine sites, visits to locations where the CSR activities have been carried out by the Company, etc. On the

matters of specialised nature, the Company engages services of outside experts and consultants for presentation and discussion with the Board Members from time to time.

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

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

**f) Evaluation of the Board's Performance:-**

During the Financial Year 2020-21, the Board continued with a formal mechanism for evaluating its performance as well as that of its Committee/s and individual Director/s, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and its Committee/s, experience & competencies, performance of specific duties & obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Director/s including the Chairman of the Board, who were evaluated on parameters such as attendance, contribution at the meetings, team work, adherence to ethical standards and code of conduct etc.

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

**g) Agenda:-**

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

The Companies Act, 2013 read with the relevant rules made there under, facilitates the participation of Director/s in the Board and its Committee Meeting/s through video conferencing or other audio-visual mode. Accordingly, the option to participate in the meeting through video conferencing (subject to technical aspects) was made available for the Director/s.

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

**h) Invitees and Proceedings:-**

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

**i) Post Meeting Action:-**

Post meeting/s, all important decisions taken at the meeting were communicated to all the concerned official/s and department/s, wherever required.

**j) Support and Role of Company Secretary:-**

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

**k) Brief Profile of Directors:-**

**Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) - Non-executive Chairman**

Mr. Ravi Bhushan Bhardwaj, age 77 years, Chairman [Category – Non-executive & Promoter] of the Company, hails from a renowned family of industrialists and an industrial entrepreneur himself. He has vast experience in various industries, particularly, Steel and Textile industry. He is associated with the Company since its inception as part of the Promoter and Promoter Group, working as the Vice-Chairman and Managing Director of the Company since 1<sup>st</sup> October, 1998. Subsequently, on ceasing as the Managing Director of the Company, effective 12<sup>th</sup> August, 2015, continued as the Non-executive Vice Chairman and then, as a Non-executive Chairman of the Company, effective 12<sup>th</sup> December, 2016.

He holds Directorship in Sunflag Power Limited, Supra Corporation Limited and Haryana Television Limited. He is Chairman of Corporate Social Responsibility (CSR) Committee and Share Transfer Committee and Member of Stakeholders' Relationship Committee and Nomination and Remuneration Committee and is an Invitee to Audit Committee of the Board. He does not hold any equity shares in the capital of the Company.

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

Mr. Pranav Bhardwaj, age 47 years, is a British National and Person of Indian Origin. He has graduated as B.Sc. majoring in Chemistry and Business Management (Joint Honors Degree) from the world renowned Imperial College of London. Subject to the superintendence, control and direction of the Board of Directors, Mr. Pranav Bhardwaj is overall in-charge of running the business affairs of the Company. As a Managing Director, he has successfully led the Company by his unstinted efforts and wide contributions, which resulted into a better overall performance. The Company has made remarkable growth under his leadership.

He holds Directorship in Sunflag Power Limited, C T Mining Private Limited, Ramesh Sunwire Private Limited, Supra Corporation Limited, Surjagarh Metals and Minerals Limited and The Alloy Steel Producers Association of India (Section 8 Company). He is member of Corporate Social Responsibility (CSR) Committee, Stakeholders' Relationship Committee, Share Transfer Committee and Sub-Committee of the Board of the Company. He is holding 16,12,140 (0.89%) equity shares in the capital of the Company.

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

Dr. E. R. C. Shekar, age 89 years, has graduated in the Metallurgical Engineering and awarded Doctorate in that field. He was the Managing Director of Steel Authority of India Limited (SAIL). He has nearly six decades of experience in steel making and marketing. He has been associated with Sunflag Steel effective 5<sup>th</sup> September, 1991 as a Non-executive, Independent Director.

He holds Directorship in Sunflag Power Limited and Khappa Coal Company Private Limited. He is the Chairman of Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Project Monitoring Committee and Risk Management Committee. He is also Member of Share Transfer Committee, Corporate Social Responsibility (CSR) Committee and Sub-Committee of the Board of the Company. He is holding 2,000 (0.001%) equity shares in the capital of the Company.

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

Mr. Surendra Kumar Gupta, age 72 years, graduated in Mechanical Engineering (B.E.) and thereafter pursued Diploma in Business Management. He has wide experience of over 41 years in Steel & Steel making industry. He was appointed as a Director and also the Whole-time Director of the Company in July, 2007, continued on the Board thereafter and presently, the Deputy Managing Director of the Company, looking after overall affairs of the Steel Plant and Coal Mine of the Company.

He holds Directorship in CT Mining Private Limited, Khappa Coal Company Private Limited, Daido DMS India Private Limited, Ramesh Sunwire Private Limited, Supra Corporation Limited, Surjagarh Metals and Minerals Limited and Sunflag Foundation (Section 8 Company). He is Member of Share Transfer Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Project Monitoring Committee, Risk Management Committee and Sub-Committee of the Board of the Company. He is not holding any equity shares in the capital of the Company.

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

Mr. Suhrit Bhardwaj, age 46 years, a Kenyan National and Person of Indian Origin. He graduated as B. Sc. majoring in Chemistry and Business Management (Joint Honors Degree) from the renowned Kings College of London University.

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

**CA Rambhatla Muralidhar (DIN- 00982212) - Executive Director (Finance)**

CA Rambhatla Muralidhar, age 66 years, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). He joined Sunflag in the year 1993 as a Manager (Finance) posted at Works and thereafter rose to the position of Executive Director (Finance) in the year 2010, one level below the Board of Directors of the Company. He also held the position of Chief Financial Officer (CFO) of the Company from the year 2001 till 30<sup>th</sup> September, 2019. Further, he was re-designated / re-classified as a Key Managerial Personnel (KMP) of the Company from 1<sup>st</sup> April, 2014. Later on, he was elevated and inducted in the Board as the Whole-Time Director, designated as Executive Director (Finance) of the Company w.e.f. 14<sup>th</sup> August, 2017.

Prior to joining Sunflag, he was associated with various organisations viz. Cement Corporation of India Limited, Priyadarshani Cements Limited, Hindustan Fluorocarbons Limited and Bharat Aluminum Company Limited and has a rich and varied experience of about 41 years in all the fields of Finance.

He holds Directorship in Surjagarh Metals and Minerals Limited, Khappa Coal Company Private Limited, Ramesh Sunwire Private Limited and Sunflag Power Limited. He is Member of Risk Management Committee, Project Monitoring Committee and Sub-Committee of the Board. He does not hold any shares in the capital of the Company.

**Mr. Ramchandra Vasant Dalvi (DIN - 00012065) - Director (Technical)**

Mr. Ramchandra Vasant Dalvi, age 71 years, graduated as B. Tech (Hons) in Metallurgical Engineering from Indian Institute of Technology (IIT), Mumbai. Thereafter, he joined various Steel Industries viz Mukand Limited (Year 1972-2001), Facor Steels Limited (Year 2001-2004) and Vidarbha Iron and Steel Corporation Limited (Year 2004-2011) and gained rich and varied experience in steel and steel making. He has held various positions from Graduate Engineer Trainee to Chief Executive. He was a Director (Technical) on the Board of Directors of Facor Steels Limited during the year 2004-2011. He joined Sunflag in the year 2015 as the Executive Director (Works), one level below the Board of Directors of the Company and was in-charge of Company's Steel Plant at Warthi, Bhandara. Later on, he was elevated and inducted in the Board as the Whole-Time Director, designated as the Executive Director (Works) of the Company w.e.f. 14<sup>th</sup> August, 2017. With effect from 14<sup>th</sup> June, 2021 he has been re-designated as the Director (Technical) of the Company.

Presently, he is also Director of Sunflag Foundation (Section 8 Company); Sanika Hospitality (India) Private Limited, Pune and Partner in Saidham Schemes, Pune. He is member of Corporate Social Responsibility (CSR) Committee of the Board. He does not hold any equity shares in the capital of the Company.

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

Mr. Kumar Jitendra Singh, age 69 years, is B. Sc., Engineering (Mechanical) from Bihar College of Engineering and Bachelor of Law from Ranchi University. He was awarded fellowship in research from CSIR in the year 1976. His last position held was Chairman cum Managing Director (CMD) of MOIL Limited from 16<sup>th</sup> March, 2009 to 31<sup>st</sup> October, 2012 before retiring. He has more than 33 years of experience in varied industries such as maintenance of steel plant, project management and equipment procurement for steel plant, refractory industry, refractory application and management in steel plants, metal and mining industry etc.

Presently he is a Director of Sunflag Foundation (Section 8 Company). He is Member of the Audit Committee, Nomination and Remuneration Committee, Project Monitoring Committee, Corporate Social Responsibility (CSR) Committee and Sub-Committee of the Board of the Company. He does not hold any equity shares in the capital of the Company.

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

CA Neelam Kothari, age 50 years, is a qualified Chartered Accountant and Cost Accountant, a rank holder in both the professional course examinations. She worked with IDBI Bank Limited from the year 1993 to 2009 in various capacities. During her career spanning across 15 years, she rose from a management trainee to one of the youngest Deputy General Manager in the IDBI Bank Limited.

She is a designated partner of Third Wind Advisers LLP. She is Member of Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee of the Board. She does not hold any equity shares in the capital of the Company.

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

Mr. Sajiv Dhawan, age 51 years, is a graduate in Classics – Latin from the Leeds University, UK. He has been involved in the Indian Equity Markets for the last 21 years and has successfully managed a well-known and highly regarded Broking House and Managing Investor's Portfolios. He has been a regular Securities Market Analyst and Expert appearing on CNBC (India and Singapore), Bloomberg TV, NDTV/ET NOW channels as well as on BBC World. He is Member of India's largest Angel Investment Network (AIN).

He holds Directorship in JV Capital Securities Limited and Redbell.com Online Store Private Limited. He is member of Audit Committee of the Board of the Company. Further, he does not hold any equity shares in the Capital of the Company.

**Mr. Anand Sadashiv Kapre (DIN – 00019530) – Non-executive, Independent Director**

Mr. Anand Sadashiv Kapre an Indian National, age 72 years, is a graduate from IIT Madras as B. Tech. (Electrical). He initiated working with ACC and Indian Oxygen Limited and worked for 3 years each in their plants. Thereafter, he joined ICICI Limited and worked for 25 years in project / working capital finance, follow up and risk management roles. Subsequently, he worked as an independent financial consultant since 2014 and joined IL&FS Private Equity as head of Risk Management & Environment, Health & Safety issues in Investee Companies. During the course of his career, he has been on the Boards' of over 20 companies including his current directorships. He is L.L.B from Mumbai University. He has specific expertise in the fields of Finance, Banking, Law, Economics and Trade.

Presently, he is a Director of Listed Companies namely Facor Steels Limited (Under Liquidation) and Facor Alloys Limited. Presently, he is not member of any Committee of the Board of the Company. Further, he holds 8500 (0.0047%) equity shares in the Capital of the Company.

**CA Vinita Bahri (DIN – 03109454) – Non-executive, Independent Director**

CA Vinita Bahri, age 51 years, is a qualified Chartered Accountant and further pursued her Master of Business Administration (MBA) in Marketing. She is into the profession of Financial Consultancy and is the founder of Samarth Wealth Management. She has been one of the pioneers in the financial advisory services for more than twenty one years. She is a regular speaker on various forums and institutions such as National Academy of Direct Tax (NADT), Nagpur Institute of Technology (NIT), Ramdeobaba Kamla Nehru Engineering College (RKNEC), Rotary Club etc. and has been featured in Times of India Investment columns. She is also on the advisory panel of CNBC-18, specially to advise women investors on retirement planning. Presently, she is not a member of any Committee of the Board of the Company. Further, she does not hold any equity shares in the Capital of the Company.

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

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

**b) Terms of Reference, Roles and Responsibility:-**

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

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. approval of payment to statutory auditors for any other permissible services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to :-
  - a) matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - b) changes, if any, in accounting policies and practices and reasons for the same;
  - c) major accounting entries involving estimates based on the exercise of judgment by management;
  - d) significant adjustments made in the financial statements arising out of audit findings;
  - e) compliance with listing and other legal requirements relating to financial statements;
  - f) disclosure of any related party transactions;
  - g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. reviewing, with the management, the statement of uses or application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document, prospectus, or notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the Company with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the Company, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up thereon;

15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the Whistle Blower Mechanism;
19. approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate;
20. carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
22. Consider and comment on rational, cost-benefits and impact on schemes involving merger, demerger, amalgamation etc. on the listed entity and its shareholders.

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

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

In addition to above:-

- The Audit Committee shall have discussions with the Statutory Auditors on the audit of the quarterly, half-yearly and yearly financial statement/s, the yearly audit plan, matters relating to compliance of Accounting Standards and Policies, their observations arising from the audit of the Company's financial statements and other related matters.
- The Audit Committee during its meetings shall review with the management and auditors (both external and internal) on all issues which are required to be reviewed by the Audit Committee pursuant to the Companies Act, 2013 and Listing Regulations. The Audit Committee shall also review the observations of the Internal and Statutory Auditors in relation to all areas of operations of the Company as also the Internal Control Systems. The Audit Committee shall also review the actions taken by the Company on various observations and queries of the Auditors.

**c) Composition:-**

- Chairman** : Dr. E.R.C. Shekar - Non-executive, Independent Director
- Members** : Mr. Kumar Jitendra Singh, CA Neelam Kothari and Mr. Sajiv Dhawan (w.e.f. 26<sup>th</sup> June, 2020), Non-executive, Independent Director/s of the Company.
- Secretary** : CS Ashutosh Mishra, Company Secretary

**Invitees / Participants:-**

- i) Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman
- ii) Mr. Surendra Kumar Gupta, Deputy Managing Director
- iii) CA R. Muralidhar, Executive Director (Finance)
- iv) Mr. S. Mahadevan, Chief Financial Officer
- v) Statutory Auditors
- vi) Secretarial Auditors
- vii) Internal Auditors
- viii) Cost Auditors

**d) Meetings and Attendance:-**

During the Financial Year 2020-21, Four meetings of the Audit Committee were held on 26<sup>th</sup> June, 2020, 13<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021.

**Attendance:-**

Name of Director	Dr. E.R.C. Shekar	Mr. Kumar Jitendra Singh	CA Neelam Kothari	Mr. Sajiv Dhawan
No. of Meetings Attended/Held	4/4	4/4	4/4	1/3

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

**a) Composition:-**

Nomination and Remuneration Committee consists of the following Directors viz.

- Chairman** : Dr. E.R.C. Shekar, Non-executive, Independent Director
- Members** : CA Neelam Kothari and Mr. Kumar Jitendra Singh, Non-executive, Independent Directors and Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company.
- Secretary** : CS Ashutosh Mishra, Company Secretary



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

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

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

**c) Meeting and Attendance:-**

During the Financial Year 2020-21, Two meetings of the Nomination and Remuneration Committee were held on 26<sup>th</sup> June, 2020 and 13<sup>th</sup> August, 2020.

**Attendance:-**

Name of Director	Dr. E.R.C. Shekar	Mr. Kumar Jitendra Singh	CA Neelam Kothari	Mr. Ravi Bhushan Bhardwaj
No. of Meetings Attended/Held	2/2	2/2	2/2	1/2

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

**i) For Executive Director/s:-**

The total remuneration of Executive Directors consists of:-

- ^ a fixed component - consisting of salary, perquisites and benefits; the perquisites and benefits are in line with the applicable and prevalent rules of the Company.
- ^ Commission @2% on net profits of the Company, calculated in accordance with Section 198 of the Companies Act, 2013, paid only to the Managing Director of the Company.
- ^ No commission was paid to the Deputy Managing Director and Whole-time Director/s of the Company.
- ^ No sitting fees was paid to any of the Executive Director/s for attending Board and its Committee Meeting/s.

Further, as a matter of policy, the Company adheres to and follows the relevant provisions of the Companies Act, 2013 read with relevant Schedule & Rules made there under and Listing Regulations, for payment of remuneration to the Executive Directors and Key Managerial Personnel of the Company.

**ii) For Non-executive Director/s:-**

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

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

The Shareholders of the Company, at its 32<sup>nd</sup> Annual General Meeting, held on 25<sup>th</sup> September, 2018, by way of Ordinary Resolution, have considered and approved, that the payment of remuneration by way of commission, not exceeding a sum equivalent to one per cent (1%) of net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, be paid to, and be distributed amongst all the Non-executive Director/s of the Company, in the manner as may be determined by the Board of Directors of the Company, from time to time, in compliance of the applicable provisions of the Companies Act, 2013 read with the rules made thereunder and the Listing Regulations (as amended) subject to the condition that, no single Non-executive Director of the Company, be paid, a sum exceeding fifty percent (50%) of the total annual remuneration payable to all Non-executive Directors of the Company, for a period of five (5) Financial Years, w.e.f. Financial Year 2018-19 till the Financial Year 2022-23.

Subsequent to this, the Board of Directors of the Company vide its meeting held on 29<sup>th</sup> May, 2021 finalized that the remuneration by way of commission be distributed amongst the following Non-executive Directors of the Company, within the limit not exceeding a sum equivalent to one percent (1%) of the net profits [as calculated pursuant to the provisions of Section 198 of the Companies Act, 2013] of the Company per annum, subject to the condition that no single Non-executive Director of the Company be paid by way of remuneration, a sum exceeding fifty percent (50%) of the total annual remuneration payable to all Non-executive Directors of the Company, for Financial Year 2020-21, in the manner as below:

- i. All the Non-executive Directors of the Company except Mr. Suhrit Ravi Bhushan Bharadwaj and Mr. Ravi Bhushan Bhardwaj be paid Rs. 2,40,000/- each on pro-rata basis;

- ii. Mr. Ravi Bhushan Bhardwaj : 49% of the 1% of the Net Profits of the Company for the Financial Year 2020-21.  
(Non-executive Chairman)

Accordingly, the sum which is payable as remuneration by way of commission to the Non-executive Director/s including, Non-executive Chairman of the Company for the Financial Year 2020-21 is as follows:

Dr. E.R.C. Shekar	:	₹ 2,40,000
Mr. Kumar Jitendra Singh	:	₹ 2,40,000
CA Neelam Kothari	:	₹ 2,40,000
Mr. Sajiv Dhawan	:	₹ 2,40,000
Mr. Anand S. Kapre	:	₹ 2,40,000
CA Vinita Bahri	:	₹ 2,40,000

and the sum of ₹ 84,18,903/- to Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company.

**e) The details of Remuneration and Sitting fees, for the Financial Year 2020-21 and Commission for the Financial Year 2019-20 paid to all the Director/s during the Financial Year 2020-21 are as under:**

Name	Designation	Sitting Fees (₹)	Remuneration perquisites and Benefits (₹)	Commission for the FY 2019-20 (₹)	Total Amount (₹)
Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman	-	-	50,99,568	50,99,568
Mr. Pranav Bhardwaj	Managing Director	-	1,57,71,904	2,08,14,562	3,65,86,466
Dr. E.R.C. Shekar	Non-executive, Independent Director	1,73,000	-	2,20,000	3,93,000
Mr. Kumar Jitendra Singh	Non-executive, Independent Director	1,66,000	-	2,20,000	3,86,000
CA Neelam Kothari	Non-executive, Independent Director	1,02,000	-	2,20,000	3,22,000
Mr. Sajiv Dhawan	Non-executive, Independent Director	82,000	-	1,40,055	2,22,055
Mr. Anand Sadashiv Kapre	Non-executive, Independent Director	60,000	-	84,754	1,44,754
CA Vinita Bahri	Non-executive, Independent Director	60,000	-	11,421	71,421
Mr. Suhrit Bhardwaj	Non-executive, Director	-	-	-	-
Mr. Surendra Kumar Gupta	Deputy Managing Director	-	99,73,577	-	99,73,577
CA Rambhatla Muralidhar	Executive Director (Finance)	-	79,89,919	-	79,89,919
Mr. Ramchandra Vasant Dalvi	Executive Director (Works) *	-	68,98,001	-	68,98,001
Mr. S. Gajendran (**)	Non-executive, Independent Director	-	-	58,306	58,306
CA Jayesh M. Parmar (**)	Non-executive, Independent Director	-	-	1,08,198	1,08,198
Mr. Rooshad Russi Patel (**)	Non-executive, Independent Director	-	-	1,54,482	1,54,482

(\*) Re-designated as Director (Technical) w.e.f 14<sup>th</sup> June, 2021

(\*\*) Ceased to be Non-executive, Independent Directors of the Company during FY 2019-20.

Note : There is no Stock Option scheme in the Company

**f) The details of proposed Commission payable to all the Director/s of the Company in respect of Financial Year 2020-21 are as under:**

Name	Designation	Proposed Commission for the Financial Year 2020-21 (₹)
Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman	84,18,903
Mr. Pranav Bhardwaj	Managing Director	3,42,28,091
Dr. E. R. C. Shekar	Non-executive, Independent Director	2,40,000
Mr. Kumar Jitendra Singh	Non-executive, Independent Director	2,40,000
CA Neelam Kothari	Non-executive, Independent Director	2,40,000
Mr. Sajiv Dhawan	Non-executive, Independent Director	2,40,000
Mr. Anand Sadashiv Kapre	Non-executive, Independent Director	2,40,000
CA Vinita Bahri	Non-executive, Independent Director	2,40,000
Mr. Suhrit Bhardwaj	Non-Executive, Director	-
Mr. Surendra Kumar Gupta	Deputy Managing Director	-
CA Rambhatla Muralidhar	Executive Director (Finance)	-
Mr. Ramchandra Vasant Dalvi	Executive Director (Works) *	-

(\*) Re-designated as Director (Technical) w.e.f 14<sup>th</sup> June, 2021

**5) STAKEHOLDERS' RELATIONSHIP COMMITTEE :-**
**Objective:-**

The Stakeholders' Relationship Committee is responsible for the satisfactory redressal of investors' and shareholders' complaints and recommends measures for overall improvement in the quality of investor services.

Pursuant to Regulation 20(4) read with Part D of Schedule - II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the terms of reference, roles and responsibilities, of the Stakeholders Relationship Committee shall be as follows:

- I. Resolving the grievances of the 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.
- II. Review of measures taken for effective exercise of voting rights by shareholders.
- III. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- IV. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- V. Such other functions as per Regulation 20(4) read with Part - D of Schedule - II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

**Composition:-**

The Stakeholders' Relationship Committee consists of Dr. E. R. C. Shekar, Non-executive, Independent Director as its Chairman and Mr. Ravi Bhushan Bhardwaj, Mr. Pranav Bhardwaj, Mr. Surendra Kumar Gupta and CA Neelam Kothari, as the Committee Members while CS Ashutosh Mishra, Company Secretary & Compliance Officer is Secretary to the Committee.

**Meetings:-**

During the Financial Year 2020-21, the Committee had Four meetings on 26<sup>th</sup> June, 2020, 13<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020 and 12<sup>th</sup> February, 2021 and it reviewed:

- a) the system of handling with and responding to complaints received from the Shareholders and Investors.
- b) the complaints received from Shareholders, Investors, Stock Exchanges, SEBI, Depositories viz. NSDL & CDSL and responses thereto :

At the beginning of the year	Received during the year	Resolved during the year	At the end of the year
NIL	5	5	NIL

**6) SHARE TRANSFER COMMITTEE:-**

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

**Composition:-**

- Chairman** : Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman
- Members** : Mr. Pranav Bhardwaj & Mr. Surendra Kumar Gupta, Executive Directors and Dr. E. R. C. Shekar, Non-executive, Independent Director of the Company.
- Secretary** : CS Ashutosh Mishra, Company Secretary.

Regulation 40 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) [Listing Regulations] provides that the Listed Entity shall register transfer of its securities or issue valid objection or intimation to the transferee or transferor, as the case may be, within a period of fifteen (15) days from the date of receipt of request for transfer and shall ensure that transmission requests are processed for securities held in dematerialized form or physical form within seven (7) days and twenty one (21) days respectively, after receipt. Besides this proviso to Regulation 40(2) of the Listing Regulations specifies that the Board of Directors and/or the delegated authority of the Listed Entity shall attend to the formalities pertaining to the transfer of securities at least once in a fortnight.

In view of above, the Board considered and granted the authorization (sub-delegation) to CS Ashutosh Mishra, Company Secretary of the Company and in the absence of Company Secretary, CA R. Muralidhar, Executive Director (Finance) of the Company to approve all the transfer, transmission, transposition, deletion of name, re-materialization of shares, issue of duplicate shares, consolidation, splitting of shares and ratify dematerialization of shares on weekly basis to comply with the directions issued by the SEBI. The Board has authorized Share Transfer Committee to ratify all the approvals for all routine transfers, transmission, re-materialization of shares and ratifications for dematerialization of shares carried out by the Company Secretary and in his absence, by the Executive Director (Finance) of the Company on the quarterly basis.

**Other Information:-**

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

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

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

Further, the Ministry of Corporate Affairs has notified "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" (**the Rules**) which have come into force from 7<sup>th</sup> September, 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been claimed for seven (7) consecutive years or more, in the name of '**IEPF Demat Account**'. Accordingly, during the Financial Year 2017-18, the Company has transferred total 30,91,699 equity shares constituting about 1.716% of the total issued, subscribed and paid-up share capital, including 28,050 equity shares of "**Unclaimed Suspense Account**", which was created pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015 effective 3<sup>rd</sup> August, 2015. Further to this, 77,616 equity shares have been transferred to the IEPF Demat Account related to those shareholders whose unclaimed dividend has been transferred to the IEPF Authority during the Financial Year 2018-19. The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both Dividend as well as Shares. The detailed list of shares transferred to this IEPF Authority account as well as detailed procedure to claim is available on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com). Further, the procedure to claim is also available on the website of IEPF authority at [www.iepf.gov.in](http://www.iepf.gov.in). During the Financial Year 2020-21 under review, many rightful shareholders have claimed shares from this account by complying with the prescribed formalities.

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

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

#### 7) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR):-

The Company is an eligible Company qualifying under Section 135(1) of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended) for undertaking the Corporate Social Responsibility (CSR) activities as per the Company's CSR Policy during the Financial Year 2020-21.

Accordingly, the Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended). The Committee is headed by Mr. Ravi Bhushan Bhardwaj and consists of Dr. E. R. C. Shekar, Mr. Surendra Kumar Gupta, Mr. Pranav Bhardwaj (effective 13.08.2020); Mr. Ramchandra Vasant Dalvi (effective 13.08.2020) and Mr. Kumar Jitendra Singh as its Members.

During the Financial Year 2020-21, the CSR Committee had Five meetings held on 26<sup>th</sup> June, 2020, 13<sup>th</sup> August, 2020, 10<sup>th</sup> November, 2020, 12<sup>th</sup> February, 2021 and 19<sup>th</sup> March, 2021, which were attended by the members as under:

S N	Name of Director	Position and Category of Director	No. of meetings Attended / Held
1	Mr. Ravi Bhushan Bhardwaj	Chairman, Non Executive Director	3 / 5
2	Dr. E. R. C. Shekar	Member, Non Executive, Independent Director	5 / 5
3	Mr. Surendra Kumar Gupta	Member, Deputy Managing Director	5 / 5
4	Mr. Kumar Jitendra Singh	Member, Non Executive, Independent Director	5 / 5
5	Mr. Pranav Bhardwaj	Member, Managing Director	0 / 3
6	Mr. Ramchandra Vasant Dalvi	Member, Executive Director (Works)*	3 / 3

\* Re-designated as Director (Technical) w.e.f. 14<sup>th</sup> June, 2021

**Secretary** : CS Ashutosh Mishra, Company Secretary.

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

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

**Disclosures:-**

SN	Headings	Particulars
1	Average net profits of the Company for last three (3) Financial Years	₹ 1,55,09,94,339/-
2	Prescribed CSR Expenditure [two percent (2%) of the amount as in item 1 above]	₹ 3,10,19,887/-
3	Details of CSR expenditure during the FY 2020-21:- a) Total amount to be spent for the FY 2020-21 b) Amount unspent, if any;  c) Manner in which the amount spent during the FY 2020-21	₹ 3,10,19,887/-  Out of the total sum of ₹ 3,10,19,887/-, the Company has incurred, a sum of ₹ 2,65,98,308/- on the CSR activities and the sum of ₹ 45,00,000/- have been allocated for capital expenditure on "Equipment under COVID-19 Relief Project."  The manner in which the amount spent & allocated is detailed in the Annexure II to Board's Report.

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

Further, the Sunflag Iron and Steel Company Limited (SISCO) has formed and incorporated on 27<sup>th</sup> January, 2017, **Sunflag Foundation** (U74999MH2017NPL289961) – a Section 8 Company and wholly owned subsidiary of SISCO, as implementing agency of SISCO regarding its CSR activities. Sunflag Foundation will implement and monitor all CSR activities and keep budget and accounts for the same, the manner in which the CSR amount is to be spent as per the CSR budget and activities approved by the Board of SISCO etc. and in turn will furnish its report to SISCO. During the Financial Year 2020-21, the entire mandated amount of ₹ 3,10,19,887/- to be spent by the Company during the Financial Year 2020-21 on the approved CSR activities has been transferred to Sunflag Foundation for implementation of CSR activities.

As required, the details pertaining to the Corporate Social Responsibility (CSR) activities together with details of expenditure done during Financial Year 2020-21 are enclosed as an **Annexure II** to Boards' Report.

**8) RISK MANAGEMENT COMMITTEE (RMC):-**

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

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

Pursuant to Regulation 21(4) read with Part D of Schedule - II to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the terms of reference, roles and responsibilities, of the Risk Management Committee shall inter-alia include the following:

- (1) To formulate a detailed risk management policy which shall include:
  - (a) 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.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (2) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (4) 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.
- (7) Oversight of risk management performed by the executive management; Reviewing the BREM policy and framework in line with local and legal requirements and SEBI guidelines; and
- (8) Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle.

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.

The details of Committee Membership together with the attendance at a meeting held on 19<sup>th</sup> March, 2021 is as below :-

**Members and Attendance:-**

SN	Name of Director	Position and Category of Director	No. of meetings Attended/Held
1	Dr. E.R.C. Shekar	Chairman, Non Executive, Independent Director	1/1
2	Mr. Surendra Kumar Gupta	Member, Deputy Managing Director	1/1
3	CA R. Muralidhar	Member, Executive Director (Finance)	1/1

**9) PROJECT MONITORING COMMITTEE (PMC):-**

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

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

Members : Mr. Kumar Jitendra Singh, Non-executive, Independent Director, Mr. Surendra Kumar Gupta, Deputy Managing Director and CA R. Muralidhar, Executive Director (Finance).

Secretary : CS Ashutosh Mishra, Company Secretary

Invitee / participant : Mr. S. Mahadevan, CFO

**Meetings and Attendance:-**

During the Financial Year 2020-21, Two meetings of the Project Monitoring Committee (PMC) were held on 13<sup>th</sup> August, 2020 and 19<sup>th</sup> March, 2021:

SN	Name of Director	Category of Director	No. of meetings Attended/Held
1	Dr. E.R.C. Shekar	Non Executive, Independent Director	2/2
2	Mr. Kumar Jitendra Singh	Non Executive, Independent Director	2/2
3	Mr. Surendra Kumar Gupta	Deputy Managing Director	2/2
4	CA R. Muralidhar	Executive Director (Finance)	2/2

**Note :** The meetings usually held at the Registered Office of the Company at 33, Mount Road, Sadar, Nagpur – 440001. Due to exceptional circumstances caused by the COVID-19 pandemic and relaxation/s granted by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) all Board, Committee meetings and 34<sup>th</sup> Annual General Meeting in FY 2020-21 were held through permitted mode namely Video Conferencing and Other Audio-Visual Means.

**10) VIGIL MECHANISM / WHISTLE BLOWER POLICY:-**

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

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

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

The main objectives of the policy are as under:

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

**11) GENERAL BODY MEETINGS:-**

a) Details of previous three Annual General Meetings (AGM) of the Company :

S. N.	Number & Year	Venue / Mode	Day, Date & Time
1	34 <sup>th</sup> AGM-2020	Video Conferencing ("VC") or Other Audio-Visual Means ("OAVM")	Monday, the 21 <sup>st</sup> September, 2020 at 3:00 P.M.
2	33 <sup>rd</sup> AGM - 2019	Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, N. A. Road, Nagpur - 440010, MH, IN.	Friday, the 27 <sup>th</sup> September, 2019 at 3:00 P.M.
3	32 <sup>nd</sup> AGM-2018	Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, N. A. Road, Nagpur - 440010, MH, IN.	Tuesday, the 25 <sup>th</sup> September, 2018 at 3:00 P.M.

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

c) The Company has provided e-voting platform to the shareholders during all the previous three Annual General Meeting/s including the 34<sup>th</sup> Annual General Meeting held for the Financial Year 2019-20.

**12) DISCLOSURES****a) Related Party Disclosures:-**

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

**b) Transactions with the related parties:-**

Sr. No.	Particulars	Amount (₹)
a)	Subsidiary Companies	
	- Unsecured Loans or Advances	4,68,955
	- CSR Expenses	3,10,19,887
b)	Associate Enterprise	
	- Rent paid	47,49,500
c)	Key Managerial Personnel, Promoter and Promoter Group	
	- Remuneration and Commission (including Commission to Non- Executive Chairman)	7,34,31,004
	- Sitting Fees and Commission to Non-executive, Independent Directors	18,60,216
d)	Joint Venture - Ramesh Sunwire Private Limited	
	- i. Sale of Goods (Wire Rods)	17,64,63,815
	- ii. Purchase of Wire Rods Scrap	5,051

The Board has approved a policy for dealing with related party transactions which has been uploaded on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com).

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

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

The following is the summary of sexual harassment complaints received and disposed-off during the Financial Year 2020-21:

Number of Complaints received	<b>NIL</b>	Number of Complaints disposed off	<b>N.A.</b>
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**d) Compliance with Regulators:-**

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

**e) Other Disclosures:-**

- i. Transactions with related parties, as per requirements of INDAS 24, are disclosed in notes annexed to the financial statements.
- ii. There are no material significant transactions with the related parties viz. Promoters, Directors, KMP, their relatives, Subsidiary or Associate Companies that had potential conflict with the Company's interest. Suitable disclosures as required by the INDAS 24 has been made in the Annual Report of the Company.
- iii. The Company has followed all relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) while preparing Financial Statements.
- iv. There are no pecuniary relationships or transactions of Independent Director/s vis-à-vis the Company which has potential conflict with the interests of the Company at large.
- v. During the Financial Year 2020-21, the Company does not have any material listed and unlisted Subsidiary Company(ies) as defined in Regulation 16(1)(c) of the Listing Regulations (as amended). Pursuant to Regulation 24 of the Listing Regulations, at least one Independent Director is to be on the Board of Directors of all Material Unlisted Subsidiary Company. At least one of the Independent Directors of the Sunflag Iron and Steel Company Limited is on the Board of all its Unlisted Subsidiary Company. The Audit Committee had reviewed the annual audited financial statements and Minutes of the Meetings of Board of Directors and Shareholders of all the Unlisted Subsidiary Companies from time to time and that the same were placed at the Meeting (s) of Board of Directors of the Company. The Board has approved a policy for determining 'material' subsidiaries which has been uploaded on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com).
- vi. The Independent Directors of the Company have confirmed that they meet the criteria of 'Independence' as stipulated under Section 149 of the Companies Act, 2013 read with the rules made thereunder and Regulation/s 16(1)(b) and 25 of the Listing Regulations, 2015 (as amended), as the case may be.

**13) MEANS OF COMMUNICATION:-**

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

**14) GENERAL SHAREHOLDER INFORMATION:-**

- a) Thirty-fifth (35<sup>th</sup>) Annual General Meeting
  - Monday, the 13<sup>th</sup> September, 2021 at 12.00 P.M. through Video Conferencing (VC) / Other Audio Video Mode (OAVM)
- b) Book Closure Dates
  - Saturday, the 04<sup>th</sup> September, 2021 to Monday, the 13<sup>th</sup> September, 2021 (both days inclusive).
- c) Record Date for Dividend Payment
  - Not applicable since no dividend proposed
- d) Cut-off date for e-Voting
  - Monday, the 06<sup>th</sup> September, 2021
- e) **Financial Year - 01<sup>st</sup> April, 2021 to 31<sup>st</sup> March, 2022 (Calendar)**
  - **Tentative Schedule**
  - i) Unaudited Financial Results for the First Quarter (Q-1) ending 30<sup>th</sup> June, 2021
    - On or before 14<sup>th</sup> August, 2021 or such extended permissible timeline
  - ii) Unaudited Financial Results for the Second Quarter (Q-2) and Half Year (H-1) ending 30<sup>th</sup> September, 2021
    - On or before 14<sup>th</sup> November, 2021 or such extended permissible timeline
  - iii) Unaudited Financial Results for the Third Quarter (Q-3) ending 31<sup>st</sup> December, 2021
    - On or before 14<sup>th</sup> February, 2022 or such extended permissible timeline
  - iv) Audited Financial Results for the Fourth Quarter (Q-4) and Financial Year ending 31<sup>st</sup> March, 2022
    - On or before 30<sup>th</sup> May, 2022 or such extended permissible timeline

**f) Listing of Equity Shares**

For the Financial Year 2020-21, the Equity Shares of the Company were listed with (1) BSE Limited and (2) National Stock Exchange of India Limited.

Listing fees for the Financial Year 2021-22 has already been paid to both these Stock Exchanges.

- **BSE Limited (BSE)**  
Phiroze Jeejeebhoy Towers, Dalal Street  
Mumbai - 400001, MH, IN.
- **National Stock Exchange of India Limited (NSE)**  
"Exchange Plaza", Bandra-Kurla Complex  
Bandra (East), Mumbai - 400051, MH, IN.

**g) Equity Shares - Stock Codes**

Trading Symbol at Stock Exchanges  
Demat ISI Number in NSDL & CDSL

- 500404 (BSE) and SUNFLAG (NSE)
- INE947A01014 - Sunflag Iron - Equity



**h) Stock Market Data**

The high and low prices recorded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) with their respective Indices are as under:-

Month	Share Price of Sunflag Steel				S&P BSE SENSEX		S & P CNX NIFTY	
	BSE		NSE		High	Low	High	Low
	High (₹)	Low (₹)	High (₹)	Low (₹)				
April 2020	30.00	22.45	30.30	22.50	33887	27501	9889	8056
May 2020	31.20	25.45	31.40	25.40	32845	29968	9599	8807
June 2020	43.70	29.25	43.85	28.95	35707	32348	10553	9544
July 2020	43.70	36.20	43.90	36.55	38417	34927	11341	10300
August 2020	50.90	38.25	50.85	37.95	40010	36911	11794	10882
September 2020	47.80	38.65	47.80	39.10	39360	36496	11618	10790
October 2020	48.40	42.10	48.45	41.95	41048	38410	12025	11347
November 2020	59.05	42.80	59.15	42.60	44825	39335	13146	11557
December 2020	64.00	48.90	64.40	48.90	47897	44118	14025	12963
January 2021	72.65	55.00	72.60	54.80	50184	46160	14754	13597
February 2021	66.70	55.70	66.80	55.50	52517	46434	15432	13662
March 2021	71.45	56.70	71.45	56.60	51822	48236	15336	14264

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

**i) Registrar and Share Transfer Agent and process of transfer of shares :**

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

**j) a) Distribution of Shareholding as on 31<sup>st</sup> March, 2021:-**

Shareholding of nominal value of		Shareholders		Value of Shares	
₹	₹	Number	%	Amount (₹)	%
Upto 5,000		52670	83.472	8,88,23,810	4.929
5,001	10,000	5647	8.949	4,64,37,930	2.577
10,001	20,000	2462	3.902	3,79,88,430	2.108
20,001	30,000	819	1.298	2,12,20,140	1.177
30,001	40,000	363	0.575	1,31,08,890	0.727
40,001	50,000	319	0.506	1,53,01,410	0.849
50,001	1,00,000	435	0.689	3,28,12,340	1.821
1,00,001	1,80,21,94,480	383	0.609	1,54,65,01,530	85.812
<b>Total</b>		<b>63,098</b>	<b>100.000</b>	<b>1,80,21,94,480</b>	<b>100.000</b>

**j) b(I) Pattern of Shareholdings as on 31<sup>st</sup> March, 2021:-**

SN	Category	No. of Holders	No. of Shares	%
1	Promoter and Promotor Group (Foreign)	3	8,20,61,261	45.53
2	Promoter and Promotor Group (Indian)	2	1,01,33,565	5.62
3	Foreign Portfolio Investors	3	84,411	0.05
4	Non-Resident Indians	373	11,19,097	0.62
5	Financial Institutions	3	40,800	0.02
6	Bodies Corporate (Indian)	333	22,32,226	1.24
7	Banks (Nationalised and Others)	5	1,260	0.00
8	Mutual Funds / UTI / Trust	11	51,239	0.03
9	Bodies Corporate (Foreign)	1	1,80,21,945	10.00
10	Indian Public including the Directors, KMP's and their Relatives	62,195	6,27,55,348	34.82
11	Clearing Members and Corporations	168	5,88,620	0.33
12	IEPF Authority (MCA)	1	31,29,676	1.74
<b>Total</b>		<b>63,098</b>	<b>18,02,19,448</b>	<b>100.00</b>

**j) b(ii) Pattern of Shareholdings as on 31<sup>st</sup> March 2021:-**

SN	Category	No. of Holders	No. of Shares	%
1	Promoter and Promotor Group (Foreign)	3	8,20,61,261	45.53
2	Promoter and Promotor Group (Indian)	2	1,01,33,565	5.62
3	Foreign Portfolio Investors	3	84,411	0.05
4	Non-Resident Indians and FIIs	370	11,19,097	0.62
5	Financial Institutions	3	40,800	0.02
6	Bodies Corporate (Indian)	327	22,32,226	1.24
7	Banks (Nationalised and Others)	5	1,260	0.00
8	Mutual Funds / UTI / Trust	11	51,239	0.03
9	Bodies Corporate (Foreign)	1	1,80,21,945	10.00
10	Indian Public including the Directors, KMP's and their Relatives	61,216	6,27,55,348	34.82
11	Clearing Members and Corporations	129	5,88,620	0.33
12	IEPF Authority (MCA)	1	31,29,676	1.74
	<b>Total</b>	<b>62,071 *</b>	<b>18,02,19,448</b>	<b>100.00</b>

\* The difference of 1027 (63098 less 62071) Shareholders in the total number of Shareholders, is due to elimination of number of Shareholders holding equity shares in the capital of the Company, having multiple folio/s or demat account with same IT PAN. The SEBI directed the RTA's to provide the pattern of shareholding to listed entity, after clubbing and eliminating the Shareholders having multiple folios or demat account with same IT PAN while filing shareholding pattern on quarterly basis with the Stock Exchanges.

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

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

The equity shares of the Company are compulsorily traded in electronic form only. As on 31<sup>st</sup> March, 2021, there were 11,12,03,697 equity shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents about 61.70 % of the total paid-up share capital of the Company.

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

**l) Risk Management and Hedging policy**

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

**Market Risk :**

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

**Risk mitigation measures**

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

**Mitigation measures of Financial Risk/ Liquidity Risk**

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

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

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

m) ADDRESS FOR CORRESPONDENCE OF SHAREHOLDERS	
For all matters relating to Shares and Dematerialisation of shares be sent to :	For all matters relating to Annual Reports / Dividend / Grievances :-
M/s. Bigshare Services Private Limited 1 <sup>st</sup> Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apts, (Next to Keys Hotel), Marol-Maroshi Road, Andheri (East), Mumbai - 400059, MH, IN Phone : +91 22 62638200 (100 Lines) Fax : +91 22 -62638299 E-mail : investor@bigshareonline.com Website : http://www.bigshareonline.com	Company Secretary & Compliance Officer Sunflag Iron and Steel Company Limited 33, Mount Road, Sadar, Nagpur - 440001, MH, IN Phone : +91 712 2524 661/ 2520 356-358 Fax : +91 712 2520 360 E-Mail : investor@sunflagsteel.com Website : http://www.sunflagsteel.com

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

**15) CEO/CFO Compliance Certificate :-**

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

**16) Certificate on Corporate Governance:-**

The Company has obtained a Certificate from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (Unique Identification Number S2015 MH 344000), regarding compliance stipulation of Corporate Governance as stipulated in Regulations 15(2) [Regulations 17 to 27 and Clauses (b) to (t) of Regulation 46(2) and Part C, D and E of Schedule V] of the Listing Regulations and the same is reproduced hereunder.

The Company has also obtained a Certificate from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (Unique Identification Number S2015 MH 344000), regarding Non-disqualification of Directors as stipulated in Regulation 34(3) and Clause (10) (i), Part C, Schedule V of the Listing Regulations and the same is reproduced hereunder.

**17) Confirmation of Compliance**

- The Company has duly complied with submission of Annual Secretarial Compliance Report obtained from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (Unique Identification Number S2015 MH 344000), for the Financial Year 2020-21 pursuant to Regulation 24A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) [Listing Regulations] read with the SEBI Circular bearing No. CIR/CFD/CMD1/27/2019 dated 08<sup>th</sup> February, 2019, with the Stock Exchanges – BSE & NSE on 19<sup>th</sup> June, 2021.
- The Company has complied with the requirements specified in Regulation 15(2) [Regulations 17 to 27 and Clauses (b) to (t) of the Regulation 46(2)] of the Listing Regulations. It has also fully complied with the requirements of part C, D and E of Schedule V of the Listing Regulations applicable to the Corporate Governance Report.
- The Company has duly informed and/or submitted the change in Credit Rating allocated by CRISIL Limited and CARE Ratings Limited to the Company for its Long-term and Short-term Borrowing/s to the Stock Exchanges – BSE & NSE vide its communications of 10<sup>th</sup> July, 2020, 30<sup>th</sup> September, 2020 and 3<sup>rd</sup> October, 2020 respectively, the details of which are as follows:

S.N.	Particulars	Credit Rating (Existing)	Credit Rating (New)
1.	Long-term Borrowings	CRISIL A- / Stable	CRISIL A- / Stable
2.	Short-term Borrowings	CRISIL A2+	CRISIL A2+

  

S.N.	Particulars	Credit Rating (Existing)	Credit Rating (New)
1.	Long-term Bank Facilities	CARE A; Negative	CARE A; Negative
2.	Short-term Bank Facilities	CARE A; Negative/CARE A1	CARE A; Negative/CARE A1

- The matters required to be covered under the Management Discussion and Analysis report are covered separately and forms part of the Annual Report.
- The total fees paid by the Company, to the Statutory Auditors during the Financial Year 2020-21 is ₹ 20,00,000/-
- Disclosures in relation to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been given in the form of a Certificate as Annexure IV to the Board's Report.

**NON-MANDATORY REQUIREMENTS**

**i. Shareholder Rights:-**

The financial results are not being furnished to the individual Shareholders as they are furnished to the Stock Exchanges and also displayed on the Company's Website [www.sunflagsteel.com](http://www.sunflagsteel.com).

**ii. The Board**

The office of Non-Executive Chairman is maintained at the expense of the Company and he is entitled for re-imbursalment of expenses incurred in the performance of his duties as Chairman.

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

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

**iv. Modified Opinion (s) in Audit Report :**

The Audit Report on the Company's financial statements for the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021 does not contain any modified opinion.

For and on behalf of the Board

Nagpur  
30<sup>th</sup> July, 2021

Pranav Bhardwaj  
Managing Director  
DIN - 00054805

Surendra Kumar Gupta  
Deputy Managing Director  
DIN - 00054836

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

To  
The Members of  
Sunflag Iron and Steel Company Limited  
CIN : L 27100 MH 1984 PLC 034003  
33, Mount Road, Sadar, Nagpur - 440001

On the basis of the written declaration received from the Members of the Board and Senior Management Personnel of the Company in terms of Part D of Schedule V read with Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), I do hereby certify that the Members of the Board of Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Principles and Conduct of the Company during the Financial Year 2020-21 ended 31<sup>st</sup> March, 2021.

**For and on behalf of the Board**

Nagpur  
30<sup>th</sup> July, 2021

**Pranav Bhardwaj  
Managing Director  
DIN - 00054805**

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**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE**

To  
The Shareholders (Members)  
Sunflag Iron and Steel Company Limited  
C I N – L 27100 MH 1984 PLC 034003  
33, Mount Road, Sadar, Nagpur-440001

We have examined the compliance of conditions of Corporate Governance by **Sunflag Iron and Steel Company Limited** (hereinafter referred to as '**the Company**') for the financial year 2020-2021 ended 31 March 2021, as stipulated in Regulation 15(2) [Regulation 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V] of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended], (hereinafter referred to as '**Listing Regulations**').

**Managements' Responsibility**

The compliance of conditions of the Corporate Governance is the responsibility of the Management of the Company. 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 the SEBI Listing Regulations.

**Auditor's Responsibility**

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

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

**Opinion**

Based on our examination of the relevant records and according to the information and explanations provided to us together with the representations provided by the Company Management, and considering the relaxation/s granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID - 19 Pandemic and also, the limitation for verification of physical record/s of the Company, which were obtained through electronic mode, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 15(2) [Regulation 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 Regulations for the financial year 2020-2021 ended 31 March 2021.

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

**Signed and Issued on this Friday, the 30 day of July 2021 at Nagpur.**

**For Messers Mukesh Parakh & Associates**  
**Company Secretaries**  
**Unique Identification Number S2015MH344000**

**CS Mukesh Dulichandji Parakh**  
**Proprietor**  
**Membership No. FCS - 4343**  
**Certificate of Practice No. 13693**  
**Peer Review Certificate No. 846/2020**

**Unique Document Identification Number (UDIN): F004343C000714448 Dated 30 July 2021.**

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**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

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

To  
The Shareholders (Members)  
Sunflag Iron and Steel Company Limited  
C I N – L 27100 MH 1984 PLC 034003  
33, Mount Road, Sadar, Nagpur – 440001

We have examined the relevant registers, records, forms, returns and declarations or disclosures received from all the Director/s of **Sunflag Iron and Steel Company Limited**, [CIN - L 27100 MH 1984 PLC 034003], and having its registered office at 33, Mount Road, Sadar, Nagpur – 440001, MH, IN, (hereinafter referred to as '**the Company**'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V, Para C, Clause 10(i), of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [as amended].

In our opinion and to the best of our information and according to the verifications [including Directors Identification Number (DIN) status at the portal www.mca.gov.in] as considered necessary and explanations together with representations furnished to us by the Company, its officers, agents and authorised representatives, and considering the relaxation/s granted by the Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to the spread of the COVID - 19 Pandemic and also, the limitation for verification of physical record/s of the Company, which were obtained through electronic mode, We do hereby certify that None of the Director/s on the Board of the Company as stated below for the financial year 2020-2021 ended 31 March 2021 have been debarred or disqualified from being appointed or continuing as the Director/s of Company or Companies by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), or any such other Statutory Authority :-

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Ramchandra Vasant Dalvi	00012065	14/08/2017
2.	Mr. Edayathimangalam Ramnath Chandra Shekar	00013670	05/09/1991
3.	Mr. Anand Sadashiv Kapre	00019530	12/11/2019
4.	Mr. Ravi Bhushan Satya Dev Bhardwaj	00054700	01/10/1998
5.	Mr. Pranav Ravi Bhardwaj	00054805	03/02/2000
6.	Mr. Surendra Kumar Premnarayan Gupta	00054836	21/05/2017
7.	Mr. Sajiv Dhawan	00160085	12/08/2019
8.	Mr. Kumar Jitendra Singh	00626836	05/08/2014
9.	Mr. Rambhatla Muralidhar	00982212	14/08/2017
10.	Mr. Suhrit Ravi Bhushan Bhardwaj	02318190	27/03/2017
11.	Mrs. Vinita Bahri	03109454	13/03/2020
12.	Mrs. Neelam Naresh Kothari	06709241	29/09/2014

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

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

**Signed and Issued on this Friday, the 30 day of July 2021 at Nagpur.**

**For Messers Mukesh Parakh & Associates**  
**Company Secretaries**  
**Unique Identification Number S2015MH344000**

**CS Mukesh Dulichandji Parakh**  
**Proprietor**  
**Membership No. FCS - 4343**  
**Certificate of Practice No. 13693**  
**Peer Review Certificate No. 846/2020**

**Unique Document Identification Number (UDIN): F004343C000714503 Dated 30 July 2021.**

## INDEPENDENT AUDITORS' REPORT

To  
The Members  
Sunflag Iron and Steel Company Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of **Sunflag Iron and Steel Company Limited** ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March, 2021, the statement of profit and loss (including other comprehensive income), cash flow statement and the statement of changes in equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Emphasis of Matter

- We draw attention to Note 47 to the financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Further, our attendance at the physical inventory verification done by the management was impracticable under the current situation and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end. Further due to bulk nature of the inventories maintained by the company, the company has performed perpetual inventory verification process and no material discrepancies has been observed.
- We draw attention to note 38 to the financial statements, which describes the long term advances given by the Company, which is more fully been explained in the said note.

Our opinion is not modified in respect of these matters.

#### Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1.	Recognition of Revenue, measurement, presentation and disclosure as per Ind AS-115 "Revenue from Contracts with Customers". (Refer Sub-note No XVII of Note 2 of Accounting Policy).	<p><b>Our procedures included, but were not limited to the following:</b></p> <ul style="list-style-type: none"> <li>We performed walkthroughs to understand the key processes and identify key controls related Ind AS 115 "Revenue from Contracts with Customers"</li> <li>On a sample basis we performed testing to verify physical deliveries of product in the year to ascertain transfer of control.</li> <li>We performed revenue cut-off testing, by reference to bill dates of sales recorded either side of the financial year end had legally completed; and</li> <li>Selected a sample of sales contracts and read, analysed and identified the distinct performance obligations in these contracts</li> </ul> <p>Based on our audit procedures we have concluded that revenue is appropriately recognized, and that there was no evidence of management bias.</p>
2.	Evaluation of uncertain civil and indirect tax positions and recoverability of amount deposited under protest as recoverable The Company has material uncertain civil and indirect tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.	<p><b>Our procedures included, but were not limited to the following:</b></p> <p>Obtained details of completed tax assessments of earlier years and demands as on 31<sup>st</sup> March, 2021 from management of the Company. We have done assessment of the managements underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p> <p>Based on management estimates, the liability against these matters are not yet certain, hence the same has been shown as contingent liability in the current standalone financial statements.</p>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>The eventual outcome of these litigations is uncertain, and the positions taken by the management of the Company are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.</p> <p>Based on management judgement and the advice from legal and indirect tax Consultants and considering the merits of the case, the Company has recognized provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingent liabilities in the standalone financial statements unless the possibility of out flow of resources is considered to be remote.</p> <p>Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.</p>	<ul style="list-style-type: none"> <li>● Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls indirect tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to 31<sup>st</sup> March, 2021;</li> <li>● Verifying demand notices received from various indirect tax authorities and evaluating the Company's written responses to those matters;</li> <li>● Evaluating the management's assessment on the likely outcome and potential magnitude by involving experts on complex or significant matters as considered necessary; and</li> <li>● Assessing the adequacy of the Company's disclosures.</li> </ul> <p>We did not identify any significant exceptions to the management's assessment of the ongoing civil and indirect tax litigations as a result of the above procedures.</p>

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with Ind AS and other accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof.

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

#### **Other Matter**

The figures for the year ended 31<sup>st</sup> March, 2020 are based on the previously issued standalone financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited and reported by S.S. Kothari Mehta & Company having firm registration number 000756N who have issued an unmodified audit report dated June 26, 2020, have been furnished to us by the management and which have been relied upon by us for the purpose of issuing the report on the standalone financial statements.

#### **Our report is not modified in respect of above matter.**

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The balance sheet, the statement of profit and loss including other comprehensive income, the statement of cash flow and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended thereof;
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:
 

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations as at 31<sup>st</sup> March, 2021 on its financial position in its standalone Ind AS financial statement refer Note 33 to the standalone financials statements;
    - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; and
    - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2021.

**For NSBP & Co.  
Chartered Accountants  
Firm Registration No. 001075N**

**New Delhi  
29<sup>th</sup> May, 2021**

**Deepak K. Aggarwal  
Partner  
Membership No: 095541  
UDIN: - 21095541AAAAFH7842**

**“ANNEXURE - A” TO INDEPENDENT AUDITOR’S REPORT**

**Annexure A to the Independent Auditor’s Report to the members of Sunflag Iron and Steel Company Limited on its standalone financial statements dated 29<sup>th</sup> May, 2021.**

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

- i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
 b) Due to Covid-19 pandemic, during the year, the management of the Company was unable to conduct physical verification of fixed assets. However, the Company has the procedure to cover the physical verification of the fixed assets on a periodical basis, management of the Company understand that the assets not verified during the year will be covered in the subsequent year and, in our opinion the frequency of which, is reasonable having regard to the size of the Company and the nature of its assets.  
 c) In our opinion, and according to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.
- ii) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business except for goods-in-transit and stocks lying with third parties. For stocks lying with third parties at the year-end, written confirmations have been obtained and in respect of goods in-transit, subsequent goods receipts have been verified or confirmations have been obtained from the parties. Due to bulk nature of the inventories maintained by the company, the company has performed perpetual inventory verification process. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.  
 In view of the current situation due to Covid-19 pandemic, our attendance at the physical inventory verification done by the management was impracticable. Related alternate audit procedures were therefore relied upon to obtain assurance over the existence and condition of inventory at the year end.
- iii) The Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Act.  
 a) The Company has granted unsecured loan to two of its subsidiaries. In our opinion and according to the information and explanations given to us, the terms and conditions of the loans are not prejudicial to the interest of the Company.  
 b) The aforesaid loan is repayable on demand as agreed. In respect of this loan, we are informed that the Company has not demanded repayment of such loan, thus there is no default on repayment of such loan. In respect of interest on such loan from these subsidiaries, the Company has charged interest for the period 01<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021 and waived off as approved in its board meeting.  
 c) Since there is no overdue amount of loan granted to Company listed in the register maintained under Section 189 of the Act, hence, reporting under this clause is not applicable to the Company.
- 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, as applicable, in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given. Refer clause (iii) above for loans granted to subsidiaries.
- v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of directives issued by the Reserve Bank of India and provisions of sections 73 to 76 or any other relevant provisions of the Act and the Rules framed thereunder.
- vi) We have broadly reviewed the Cost Accounting records maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under 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. We are, however, not required to make a detailed examination of such books and records.
- vii. a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Employees’ Provident Fund, Employees’ State Insurance, Investor Education and Protection Fund, Income Tax, Goods & Service Tax, Custom Duty, Cess and any other material statutory dues, as applicable, with the appropriate authorities during the year and there are no such undisputed amounts payable which have remained outstanding as at 31<sup>st</sup> March, 2021 for a period of more than six months from the date they became payable except payment to Gram Panchayat Tax of ₹ 501 lakhs and royalty on coal of ₹ 15 Lakhs.  
 b) According to the records of the Company, there are no dues in respect of Income-tax, Sales-tax, Service-tax, Customs Duty, Excise Duty and Value added tax which have not been deposited with the appropriate authorities on account of dispute and the forum where the dispute is pending are given below:

(₹ in Lakh)

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount of Dispute	Amount Deposited
Central Excise Act, 1944	Excise duty	CESTAT, Mumbai	2012 - 2013 & 2013 - 2014	485 (Note 1)	18
Customs Act, 1962	Reversal of Duty drawback	Commissioner (Appeal), Customs, Nhavaseva	2004-2014	251	19
Income Tax Act, 1961	Income tax	Commissioner of Income Tax (Appeal) before National Faceless Appeal Center, New Delhi	Assessment year 2015 - 2016	132	132

Note 1: interest on demand not consider for the purpose of above disclosures.

- viii) In our opinion and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to banks and Government. The Company has not taken any loan from the financial institution nor has any dues to debenture holders.

- ix) According to the information and explanations given by the management, the Company has not raised any monies by way of initial public offer or further public offer during the financial year, and the terms loans raised by the Company have been applied for the purpose for which they are were obtained. Where such end use has been stipulated by the lender(s).
- x) In our opinion, and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi) In our opinion, and according to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the provisions of section 197 of the Act.
- xii) The Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Act and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable Indian accounting standards.
- xiv) According to the information and explanations given to us and on an overall examination of the books of account, the Company has not made any preferential allotment and private placement of shares or fully & partly convertible debentures during the year under audit. Accordingly, the provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv) In our opinion, and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred in section 192 of the Act.
- xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For NSBP & Co.  
Chartered Accountants  
Firm Registration No. 001075N**

**New Delhi  
29<sup>th</sup> May, 2021**

**Deepak K. Aggarwal  
Partner  
Membership No: 095541  
UDIN: - 21095541AAAAFH7842**

**Annexure B to the Independent Auditor's Report to the members of Sunflag Iron and Steel Company Limited (the "Company") on its standalone financial statements dated 29<sup>th</sup> May, 2021.**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section**

We have audited the internal financial controls over financial reporting of the **Sunflag Iron and Steel Company Limited** ('the Company') as of 31<sup>st</sup> March, 2021 in conjunction with our audit of the standalone 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of 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 Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone 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.

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

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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations, given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting 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 ICAI.

**For NSBP & Co.  
Chartered Accountants  
Firm Registration No. 001075N**

**New Delhi  
29<sup>th</sup> May, 2021**

**Deepak K. Aggarwal  
Partner  
Membership No: 095541  
UDIN: - 21095541AAAAFH7842**

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**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR  
BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2021**

Particulars	Note No.	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>A. ASSETS</b>			
<b>1. Non-current Assets</b>			
a) Property, plant and equipment	3	1,13,171	1,08,629
b) Right of use Assets		5,601	5,840
c) Capital work-in progress		15,026	20,980
d) Financial Assets			
i. Investments	4	1,389	1,450
ii. Bank Balances	5	116	94
iii. Non-Current Loans	6	2,355	3,196
Other non current asset	6A	8,807	6,090
<b>Total non-current assets</b>		<b>1,46,465</b>	<b>1,46,279</b>
<b>2. Current Assets</b>			
a) Inventories	7	54,380	56,277
b) Financial assets			
i. Trade Receivables	8	21,022	22,164
ii. Cash and cash equivalents	9	1,740	521
iii. Bank balances other than above	9A	5,408	4,676
iv. Others	10	140	230
c) Income tax assets (net)	11	--	319
d) Other current assets	12	8,893	9,982
<b>Total current assets</b>		<b>91,583</b>	<b>94,169</b>
<b>TOTAL ASSETS</b>		<b>2,38,048</b>	<b>2,40,448</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a) Share Capital	13	18,022	18,022
b) Other equity	14	1,34,056	1,20,636
<b>Total Shareholders' Funds</b>		<b>1,52,078</b>	<b>1,38,658</b>
<b>2. Non-current Liabilities</b>			
a) Financial liabilities			
i. Borrowings	15	12,951	11,930
ii. Lease liabilities	16(a)	5,721	5,770
iii. Other financial liabilities	16(b)	1,525	1,915
b) Provisions	17	3,909	4,480
c) Deferred Tax Liabilities (Net)	18	17,252	18,244
d) Other non-current liabilities	19	60	173
<b>Total non-current liabilities</b>		<b>41,418</b>	<b>42,512</b>
<b>3. Current Liabilities</b>			
a) Financial liabilities			
i. Borrowings	20	3,146	14,348
ii. Trade payables	21		
- Total outstanding dues of Micro Enterprises and Small Enterprises		810	1,366
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		26,666	30,103
iii. Other financial liabilities	22	12,080	12,370
iv. Lease liabilities		254	230
b) Other current liabilities	23	1,001	861
c) Current tax liabilities (net)	24	595	--
<b>Total Current Liabilities</b>		<b>44,552</b>	<b>59,278</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,38,048</b>	<b>2,40,448</b>

Significant accounting policies

1 &amp; 2

The accompanying notes form an integral part of these Financial Statements

As per our report of even date as attached

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

For NSBP & CO.  
Chartered Accountants  
FRN : 001075NPRANAV BHARDWAJ  
MANAGING DIRECTOR  
S. K. GUPTA  
Dy. MANAGING DIRECTORK. J. SINGH  
DIRECTORVINITA BAHRI  
DIRECTORDEEPAK K AGGARWAL  
PartnerCA R. MURALIDHAR  
EXECUTIVE DIRECTOR (FINANCE)S. MAHADEVAN  
CHIEF FINANCIAL OFFICER

M. No. 095541

Nagpur  
29<sup>th</sup> May, 2021ASHUTOSH MISHRA  
COMPANY SECRETARYNew Delhi  
29<sup>th</sup> May, 2021

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

Particulars	Note No.	Year Ended 31.03.2021 (₹ in Lakh)	Year Ended 31.03.2020 (₹ in Lakh)
<b>Revenue</b>			
1. Revenue from Operations	25(a)	1,89,155	1,75,812
2. Other Income	25(b)	1,092	1,116
<b>Total Income</b>		<b>1,90,247</b>	<b>1,76,928</b>
<b>3. Expenses :</b>			
Cost of Raw Materials & Components Consumed	26 (a)	1,09,761	1,06,713
Other Manufacturing Expenses	26 (b)	23,334	31,254
Changes in inventories of finished goods and work-in-progress	27	11,211	1,182
Employee Benefits Expense	28	9,246	9,734
Finance Costs	29	2,868	4,125
Depreciation and Amortization Expenses	30	7,018	4,620
Other Expenses	31	10,949	9,867
<b>Total Expenses</b>		<b>1,74,387</b>	<b>1,67,495</b>
<b>4. Profit before tax</b>		<b>15,860</b>	<b>9,433</b>
<b>5. Tax Expense :</b>			
a) Current tax	18	4,772	2,345
b) Deferred tax	18	(992)	(2,168)
c) Income tax pertaining to earlier year		(1,272)	--
<b>6. Net Profit after tax for the year</b>		<b>13,352</b>	<b>9,256</b>
<b>7. Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss		68	48,653
Income tax relating to items that will not be reclassified to profit or loss		--	(12,210)
<b>8. Total Comprehensive Income for the year (Net of Tax)</b>		<b>13,420</b>	<b>45,699</b>
<b>9. Earning per equity share (Amount in ₹ )</b>			
Basic	32	7.41	5.14
Diluted	32	7.41	5.14
Significant accounting policies	1 & 2		

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

*As per our report of even date as attached*

**For NSBP & CO.**  
*Chartered Accountants*  
*FRN : 001075N*

**DEEPAK K AGGARWAL**  
*Partner*  
**M. No. 095541**  
**New Delhi**  
**29<sup>th</sup> May, 2021**

*For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited*

**PRANAV BHARDWAJ**  
*MANAGING DIRECTOR*  
**S. K. GUPTA**  
*Dy. MANAGING DIRECTOR*  
**CA R. MURALIDHAR**  
*EXECUTIVE DIRECTOR (FINANCE)*  
**Nagpur**  
**29<sup>th</sup> May, 2021**

**K. J. SINGH**  
*DIRECTOR*  
**VINITA BAHRI**  
*DIRECTOR*  
**S. MAHADEVAN**  
*CHIEF FINANCIAL OFFICER*  
**ASHUTOSH MISHRA**  
*COMPANY SECRETARY*

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021**

Particulars	For the year ended 31.03.2021 (₹ in Lakh)		For the year ended 31.03.2020 (₹ in Lakh)	
	<b>A. Cash flow from operating activities</b>			
Net Profit / (Loss) before extraordinary items and tax		15,860		9,433
Items that will not be reclassified to profit or loss		-		-
<i>Adjustments for :</i>				
Depreciation and amortisation		7,018	-	4,620
Finance costs		2,868	-	4,125
Interest income	-	(591)	-	(650)
Actuarial Gain	-	68	-	140
Provision for diminution in investment and loans		670	-	-
Provision for doubtful trade and other receivables, loans and advances	-	408	-	81
Operating profit / (loss) before working capital changes		26,301		17,749
<i>Changes in working capital :</i>				
<i>Adjustments for (increase) / decrease in operating assets :</i>				
Inventories	1,897		(1,059)	
Trade receivables	733		7,352	
Short-term loans and advances	1,681		1,109	
Long-term loans and advances	820		(445)	
Other current assets	1,090		(3,765)	
Other non-current assets	(2,836)	3,385	(2,919)	273
<i>Adjustments for increase / (decrease) in operating liabilities :</i>				
Trade payables	(3,994)		4,748	
Other current liabilities	2,068		51	
Short-term provisions	-		-	
Other long-term liabilities	(154)		350	
Long-term provisions	(570)	(2,650)	13	5,162
Cash generated from operations		27,036		23,184
Net income tax (paid) / refunds		(4,772)		(2,345)
<b>Net cash flow from / (used in) operating activities (A)</b>		22,264		20,839
<b>B. Cash flow from investing activities</b>				
Capital expenditure on property plant & requirement including capital advances		(5,366)		(14,175)
Proceeds from sale of property plant & requirement		-		1
Other Bank deposits not considered in Cash & Cash equivalent (Net)		(732)		957
Interest Income		591		650
Long-term investments in - Joint ventures		(490)		--
<b>Net cash flow from / (used in) investing activities (B)</b>		(5,997)		(12,567)
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings		1,730		12,850
Repayment of long-term borrowings		(1,521)		(2,500)
Net (decrease) / increase in working capital borrowings		(11,203)		(12,031)
Proceeds from other short-term borrowings		-		-
Repayment of unsecured Deferred Sales Tax Loan		(812)		(860)
Finance cost		(2,261)		(3,700)
Dividends paid		--		(901)
Tax on dividend		--		(185)
Lease Repayment		(981)		(585)
<b>Net cash flow (used in) / from financing activities (C)</b>		(15,048)		(7,912)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		1,219		360
Cash and cash equivalents at the beginning of the year		521		161
Effect of exchange differences on restatement of foreign currency		-		-
Cash and cash equivalents				
<b>Cash and cash equivalents at the end of the year</b>		1,740		521
<b>Component of cash and cash equivalents</b>		<b>As at 31.03.2021</b>		<b>As at 31.03.2020</b>
		<b>(₹ in Lakh)</b>		<b>(₹ in Lakh)</b>
<b>Cash and Cash Equivalents</b>				
- Cash on hand		16		46
- Balances in current accounts		527		475
- Debit Balance in cash credit account		1,197		-
		1,740		521
<b>Other Bank Balances</b>				
- Margin money deposit against Letter of Credit & Bank Guarantee		5,374		4,642
- Unclaimed dividend accounts		34		34
		5,408		4,676
		7,148		5,197

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021**

Cash Flow Continued....  
Changes in liabilities arising from financing activities

Particulars	At the beginning	Cash flows	Fair value changes	Foreign exchange movement	As at the end 31 <sup>st</sup> March, 2021
Non-Current Borrowings	17,889	(603)	-	-	17,286
Current Borrowings	14,348	(11,203)	-	-	3,145

**Notes :** i. Figures in bracket indicate cash outflow. ii. The above cash flow statement has been prepared under the indirect method set out in Ind AS 7 specified under section 133 of the companies Act, 2013. iii. Previous year figures have been regrouped and rearranged, where necessary to confirm to the current year's classification.

As per our report of even date as attached

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

**For NSBP & CO.**  
Chartered Accountants  
FRN : 001075N

**PRANAV BHARDWAJ**  
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**ASHUTOSH MISHRA**  
COMPANY SECRETARY

**Statement of changes in equity for the year ended 31<sup>st</sup> March, 2021**

**a) Equity Share Capital**

Particulars	No. of shares	Amount (₹ in Lakh)
As at 1 <sup>st</sup> April, 2019	18,02,19,448	18,022
changes during the year	-	-
As at 31 <sup>st</sup> March, 2020	18,02,19,448	18,022
changes during the year	-	-
As at 31 <sup>st</sup> March, 2021	18,02,19,448	18,022

**b) Other equity**

(₹ in Lakh)

Particulars	Securities premium	Reservs and Surplus			Other comprehensive Income		Total
		General reserve	Retained earnings	Retained earnings Account Remeasurement	Revaluation Surplus	Remeasurement of the defined benefit plans	
As at 1 <sup>st</sup> April, 2019	3,785	256	71,600	-	-	382	76,023
Other comprehensive income for the year	-	-	-	-	36,303	140	36,443
Net Profit of the year	-	-	9,256	-	-	-	9,256
Dividend including Dividend Distribution tax (Pertaining to FY 2019)	-	-	(1,086)	-	-	-	(1,086)
As at 31 <sup>st</sup> March, 2020	3,785	256	79,770	-	36,303	522	1,20,636
Other comprehensive income for the year	-	-	-	-	-	68	68
Net Profit of the year	-	-	13,352	-	-	-	13,352
Additional Depreciation on Revalued assets transferred to retained earnings	-	-	1,249	-	(1,249)	-	-
As at 31 <sup>st</sup> March, 2021	3,785	256	94,371	-	35,054	590	1,34,056

**Nature of reserves**

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

As per our report of even date as attached

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

**For NSBP & CO.**  
Chartered Accountants  
FRN : 001075N

**PRANAV BHARDWAJ**  
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COMPANY SECRETARY



**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March, 2021****1. Corporate information**

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

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

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

**2. Significant accounting policies****I. Basis of preparation**

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

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

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

The preparation of the financial statements in conformity with Indian Accounting standards (Ind As) requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the date of the financial statements. The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years and, if material, their effects are disclosed in the notes of financial statements. Actual results could vary from these estimates. .

The Standalone financial statements for the year ended 31<sup>st</sup> March, 2021 were authorized and approved for issue by the Board of Directors on 29<sup>th</sup> May, 2021.

**II. Property, plant and equipment**

Plant & Machinery and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. All other assets viz. Land, Furniture, vehicles, Equipment, Electrical fittings etc. are stated at original cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Property, plant and equipment are recognized at cost net of duty or tax credit availed, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts, rebates & input of GST and other taxes availed, are deducted in arriving at the purchase price. When significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognized the replaced part and recognized the new parts with its own associated useful life and depreciated it accordingly. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred. Machinery Spares/ Standby equipment's which are used only in connection with Property, plant and equipment and are of material value to the overall value of the asset are capitalized.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will follow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statement upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Property, plant and equipment eliminated from the financial statement, either on disposal or when retired from the active use. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized.

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

**III. Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or

- Cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non current.

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

A liability is treated as current when it is :

- Expected to be settled in normal operating cycle.
- Held primarily for the purpose of trading.
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

#### IV. Intangible assets

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

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

#### V. Depreciation and amortization

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

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

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

Asset Description (As shown in Financials)	Useful life in years (As per Financials)	Useful life in years as per Schedule - II of the Companies Act, 2013
<b>Freehold Land</b>		
Freehold Land	20,90,95,100	-
<b>Lease Hold Land</b>		
Lease Hold Land	30,95	-
<b>Building including roads</b>		
Buildings Factory	30	30
Non Factory Building	58, 60	60
Township	60	60
Welfare Buildings	60	60
Office Buildings	10, 60	60
Temporary Building	1	3
Boundary Wall & Fencing	5	5
Approach Roads	5,10	10 (RCC) & 5 (Other)
Railway Siding	15	15
<b>Plant and Machinery</b>		
Plant & Machinery	8, 10, 15, 18, 20, 25, 30	-
Electrical fittings	10	10
Computers	3, 6	3,6
Combusters WHRB	15 Years	15 Years
<b>Furniture fixtures and others</b>		
Furniture fixtures and others	8	10
<b>Vehicles</b>		
Light Vehicles	8, 6, 10	8
Heavy Vehicles	8	8
<b>Office equipment</b>		
Office equipment	5, 10	5
<b>Development of Mines</b>		
Development of Mines	20, 27, 30	-

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

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

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

#### **VI. Impairment of non-financial assets**

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

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

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

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

#### **VII. Inventories**

Inventories are valued as under :

- |   |  |
|---|--|
| a) Raw materials & components                               | At cost weighted moving average method.  |
| b) Consumables, store & spares                              | At cost weighted moving average method.  |
| c) Finished and semi-finished goods                         | At lower of cost of raw material cost and proportion of manufacturing overheads or net realisable value. |
| d) Work in progress   | At lower of cost of material, plus appropriate production overheads or net realisable value              |
| e) Any other saleable products of the manufacturing process | At the lower of the estimated net realisable value or cost   |
- are considered as finished goods

Cost represent, cost incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolete, defective inventories are duly provided for and valued at net realisable value.

Cost is calculated on weighted average basis.

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

The cost of inventories has been computed to include all cost of purchases, cost of conversion and other related expenses. Materials and supplies held for use in the production of inventories are not written down if the finished product in which they will be used are expected to be sold at above cost.

#### **VIII. Cash and cash equivalents**

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

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

#### **IX. Leases**

Ind As 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease by lease basis and thereby assesses whether it is reasonable certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future period is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

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**Company as a lessee**

The Company's lease asset classes primarily consist of lease for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease, payments as an operating expense on a straight line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated deprecation and impairment losses.

"Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows."

**The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In calculating the present value of lease payments, the Company uses its existing borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities and Right-of-use assets have been presented as a separate line in the balance sheet. Lease payments have been classified as cash used in financing activities.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

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**X. Employee benefits**

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

**a) Long term benefit****i) Defined benefit plan**

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

**ii) Defined contribution plan**

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

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

**b) Short term benefits**

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

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

**XI. Earnings per share**

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

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

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

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

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

**Mine restoration or assets retirement obligation**

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

**Contingent liability is disclosed in the case of :-**

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

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

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

**Onerous contract**

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

**Contingent assets**

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

**XIII. Segment accounting and reporting**

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

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

**XIV. Investment in Subsidiaries, Joint Ventures & Associates**

Investment in Subsidiaries, Joint Ventures & Associates are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

**XV. Government grant / assistance**

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

**XVI. Taxes**

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

**Current income tax**

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

**Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and the carrying amounts for financial reporting purpose at reporting date.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**XVII. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from sale of manufactured goods i.e. steel rolled products is recognised in accordance with Ind AS-115 issued by Ministry of Corporate Affairs and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

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

**a) Sale of goods**

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

Ind AS 115 provides for a five step model for the analysis of Revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

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

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

**b) Other operating income**

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

**c) Other income**

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

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

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

**XVIII. Foreign currency translation / conversion**

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

**a) Initial recognition**

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

**b) Conversion**

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

**c) Exchange differences**

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

**d) Borrowings**

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

**e) Borrowing costs**

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

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

**XIX. Equity shares**

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

**XX. Financial Instruments****1. Initial recognition**

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

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

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

**b) Financial assets at fair value through other comprehensive income**

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

**c) Financial assets at fair value through profit or loss**

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

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

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

**e) Financial guarantee contracts**

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

**f) Impairment of financial assets**

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

**g) Cash and cash Equivalents**

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

**h) Financial liabilities**

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

**3. De-recognition**

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

**4. Reclassification of financial assets**

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

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

**5. Offsetting of financial instruments**

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

**XXI. Fair value measurement**

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

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

- ★ In the principle market for the asset or liability, or
- ★ In the absence of a principle market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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



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

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

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

## **XXII. Critical accounting estimates, assumptions and judgements**

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

### **a) Property, Plant and Equipment**

External adviser or internal technical team assess the remaining useful lives and residual value of Property, Plant and Equipment. Management believes that the assigned useful lives and residual value are reasonable.

### **b) Income taxes**

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

### **c) Contingencies**

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

### **d) Allowance for uncollected accounts receivable and advances**

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

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

### **e) Mine restoration obligation**

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

## **XXIII Recent Accounting pronouncement :**

On 24<sup>th</sup> March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1<sup>st</sup> April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are :

### **Balance Sheets :**

- a. Lease liabilities should be separately disclosed under the head 'financial liabilities, duly distinguished as current or non-current.
- b. Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c. Specified format for disclosure of shareholding of promoters.
- d. Specified format for ageing schedule of trade receivables, trade payable, capital work-in-progress and intangible asset under development.
- e. If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- f. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

### **Statement of profit and loss :**

- i. Additional disclosure relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes formings part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Notes forming part of the financial statements for the year ended 31<sup>st</sup> March, 2021  
3. Property, plant and equipment

(₹ in Lakh)

Particulars	Tangible Assets-At Cost					Tangible Assets-Revalued			Right to use Assets as per Ind AS 116		Total	Capital Work in Progress		
	Freehold Land	Leasehold Land	Railway Siding	Furniture Fixture & others	Vehicles	Office Equipment	Develop-ment of Mines	Electrical fittings & Computers	Building including Roads	Plant & Machinery			Leasehold land	Plant & Machinery
<b>Gross Block</b>														
As at 01.04.2019	188	89	375	224	582	412	2,042	2,022	23,388	1,09,683	-	-	1,39,005	17,897
Additions	-	-	-	2	-	-	-	2	1,066	9,939	92	6,066	17,167	13,836
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,753)
Adjustment of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss)	-	-	-	-	-	-	-	-	9,215	39,297	-	-	48,512	-
Disposals	-	-	-	-	(7)	-	-	-	-	(172)	-	-	(179)	-
Adjustment of impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2020	188	89	375	226	575	412	2,042	2,024	33,669	1,58,747	92	6,066	2,04,505	20,980
Additions	-	-	-	-	63	-	-	2	1,858	9,857	-	212	11,992	5,761
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,715)
Adjustment of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain / (Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	(11,660)	(74,446)	-	-	(86,106)	-
Other Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2021	188	89	375	226	638	412	2,042	2,026	23,867	94,158	92	6,278	1,30,391	15,026
<b>Accumulated Depreciation</b>														
As at 01.04.2019	-	29	356	213	305	390	891	1,913	11,114	70,312	-	-	85,523	-
Charge for the year	-	1	-	-	86	-	102	4	546	3,563	2	316	4,620	-
Adjustment of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation adjustments	-	-	-	-	(7)	-	-	-	(100)	(100)	-	-	(107)	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2020	-	30	356	213	384	390	993	1,917	11,660	73,775	2	316	90,036	-
Charge for the year	-	1	-	-	67	-	101	4	986	5,408	1	450	7,018	-
Adjustment of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gain/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjustment of impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation adjustments	-	-	-	-	-	-	-	-	(11,660)	(73,775)	-	-	(85,435)	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31.03.2021	-	31	356	213	451	390	1,094	1,921	986	5,408	3	766	11,619	-
Net Block as at 31.03.2020	188	59	19	13	191	22	1,049	107	22,009	84,972	90	5,750	1,14,469	20,980
Net Block as at 31.03.2021	188	58	19	13	187	22	948	105	22,881	88,750	89	5,512	1,18,772	15,026

**Notes :**

- Addition to capital work in progress include ₹ 1,218 Lakh finance cost capitalised during the year. (Previous year ₹ 531 Lakh).
- Cost of Leasehold land is amortised over the period i.e. 95 years.
- The Company has adopted the revaluation model as per IND AS-16 for plant & machinery and building as at 31<sup>st</sup> March, 2020 and accordingly the carrying cost and useful life of these assets have been revalued through an independent valuer. Due to revaluation, the Company has charged incremental depreciation for the year ended 31<sup>st</sup> March, 2021 amounting to ₹ 1,667 Lakh.
- During the year the Company has capitalised ESR super alloy project of ₹ 6,722 Lakh.

**Assets under construction**

Capital work in progress incurred as at 31<sup>st</sup> March, 2021 amounted ₹ 15,026 Lakh (Previous year ₹ 20,980 Lakh) in view of implementation of new projects viz. Continuous Finishing line at Blooming Mill.

**Impairment review**

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

Key assumptions used in value-in-use calculations :

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

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

<b>Capital Work in Progress: #*</b>	<u>(₹ in Lakh)</u>
<b>Opening as at 01.04.2019</b>	<b>17,897</b>
Additions	
Expenditure made during the year	13,836
Capitalised during the year	(10,753)
<b>As at 31.03.2020</b>	<u><b>20,980</b></u>
Expenditure made during the year	5,761
Capitalised during the year	(11,715)
<b>As at 31.03.2021</b>	<u><b>15,026</b></u>
<b># Pre-operative expenditure included in CWIP expenses</b>	
<b>Carried forward as part of CWIP As at 01.04.2019</b>	<b>713</b>
Additions	
Expenditure made during the year	
I Interest and other processing fees	531
ii. Misc. Expenses	-
iii. Capitalised during the year	-
<b>As at 31.03.2020</b>	<u><b>1,244</b></u>
Expenditure made during the year	
I. Interest and other processing fees	1,218
ii. Misc. Expenses	-
<b>Capitalised during the year</b>	<b>(426)</b>
<b>As at 31.03.2021</b>	<b>2,036</b>

\*Refer note no. 45 for information

**4. Non- Current Investments**

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
Investment in equity shares (at cost, unquoted & fully paid)	2,090	1,600
Less : Provision for diminution in the value of investments	(701)	(150)
<b>Total</b>	<u><b>1,389</b></u>	<u><b>1,450</b></u>
Aggregate amount of unquoted investments	<b>1,389</b>	1,450

**Details of Investments in equity shares**  
**Investment in equity instruments (at cost, unquoted & fully paid)**

Name of the Body Corporate	No. of Shares / Units		Extent of Holding (%)		Amount (₹ in Lakh)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
<b>Subsidiaries</b>						
Sunflag Power Limited	49,940	49,940	99.88	99.88	5	5
Khappa Coal Company Private Limited	31,63,500	31,63,500	63.27	63.27	316	316
Sunflag Foundation	10,000	10,000	100.00	100.00	1	1
Diminution in the value of investments					(316)	(64)
<b>Joint Ventures</b>						
Madanpur (North) Coal Co. Private Limited	12,10,188	12,10,188	11.73	11.73	110	110
C T Mining Private Limited	31,80,000	31,80,000	31.80	31.80	318	318
Daido D.M.S. India Private Limited	36,00,000	36,00,000	17.56	17.56	360	360
Ramesh Sunwire Private Limited	98,00,000	49,00,000	49.00	49.00	980	490
Diminution in the value of investments					(385)	(86)
<b>Others</b>						
India Bulls CSEB Bhaiyathan Power Limited	74	74	-	-	-	-
<b>Total</b>					<b>1,389</b>	<b>1,450</b>
<b>Additional Information :</b>						
Aggregate amount of quoted investments					-	-
Market value of quoted investments					-	-
Aggregate amount of unquoted investments					2,090	1,600
Aggregate amount of Diminution in value of investments					(701)	(150)
Carrying amounts of investments have been adjusted to reflect losses incurred at Joint Ventures and Associates.						

**Note :-**

Pursuant to the Supreme Court Order dated 24<sup>th</sup> September, 2014, the Coal Block allocated to the Company with other Shareholders/Joint Venture partners in the names of Khappa Coal Company Private Limited, Madanpur (North) Coal Company Private Limited and CT Mining Private Limited, stands cancelled. Subsequent to the cancellation of previous allocation, the Government of India, Ministry of Law and Justice (Legislative Department) has promulgated the Coal Mines (Special Provisions) Act, 2015 for implementing the order of Supreme Court and fixation of compensation etc. to the prior allottees. But the process of re-allotment and crystallization of compensation amount in respect of the above Company's mines, is pending, as the re-auctioning process of these mines are not yet completed. In view of aforesaid, the Company has not recognized ₹ 551 Lakh during the current year (provided upto previous year ₹ 150) towards diminution in the value of the investments made in the Subsidiaries and Joint Venture companies.

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>5. Bank Balances (non current)</b>		
Earmarked escrow account for mine restoration obligation	116	94
<b>Total</b>	<b>116</b>	<b>94</b>
<b>6. Non- Current loans (unsecured)</b>		
Security deposits	1,299	1,398
Security deposits Related parties	28	28
Loans and advances to related parties considered good #	1,028	1,770
Loans and advances to related parties considered doubtful #	737	-
Less :- Provision for Advances to JVs & Subsidiaries # (Refer Note No. 40)	(737)	-
# These loans are non interest bearing.		
<b>Total</b>	<b>2,355</b>	<b>3,196</b>
<b>6A. Other non-current assets</b>		
Capital advances	5,483	2,766
Non Current Trade Advance#	3,324	3,324
# (Refer Note No. 38)		
<b>Total</b>	<b>8,807</b>	<b>6,090</b>

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>7. Inventories (As taken, valued and certified by the management) (Refer note below)</b>		
Raw materials and components on hand	26,458	17,708
Goods-in transit (raw material)	5	5
Work-in-progress	12,332	17,685
Finished goods	11,133	17,639
Goods in Transit	648	-
Consumables, stores and spares	3,804	3,240
<b>Total</b>	<b>54,380</b>	<b>56,277</b>
Note : i. Valued at lower of cost and net realisable value, unless otherwise stated.		
ii. Inventories are hypothecated to banks against working capital loans (Refer Note No. 20)		
<b>8. Trade receivables (Refer note below)</b>		
Secured, considered good	-	-
Unsecured, considered good	21,022	22,164
Unsecured, credit impaired	1,469	1,061
	<b>22,491</b>	<b>23,225</b>
Less: Provision for expected credit loss	(1,469)	(1,061)
<b>Total</b>	<b>21,022</b>	<b>22,164</b>
Note : Trade receivables are hypothecated to banks against working capital loans refer note No. 20, further trade receivables are non interest bearing and receivable in normal operating cycle.		
<b>9. Cash and cash equivalents</b>		
Cash on hand	16	46
Balances with banks in current accounts	527	475
Debit balance of CC accounts	1,197	-
<b>Total</b>	<b>1,740</b>	<b>521</b>
<b>9A. Bank balances other than above</b>		
Margin money deposit against Letter of Credit & Bank Guarantees	5,374	4,642
Earmarked Balance for Unclaimed dividend #	34	34
<b>Total</b>	<b>5,408</b>	<b>4,676</b>
<b>Total</b>	<b>7,148</b>	<b>5,197</b>
# During the year Nil (Previous year Nil) amount has been transferred to investors Education Protection Fund		
<b>10. Other - current financial assets</b>		
Accruals - Interest accrued on deposits	102	105
Loans & advances to employees	3	107
Export incentives receivable	-	9
Claims receivables	35	7
Others	-	2
<b>Total</b>	<b>140</b>	<b>230</b>
<b>11. Income tax assets (net)</b>		
Advance Tax (Net of provision)	-	319
<b>Total</b>	<b>-</b>	<b>319</b>
<b>12. Other current assets</b>		
Advance to vendors	5,437	5,983
Prepaid Expenses	579	526
Balances with Statutory / Govt Authorities #	2,877	3,473
<b>Total</b>	<b>8,893</b>	<b>9,982</b>
# includes Mega Project incentives receivable and duty paid under protest of ₹ 177 Lakh (Previous year ₹ 177 Lakh)		

**13. Equity Share capital**

(₹ in Lakh)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	20,50,00,000	20,500	20,50,00,000	20,500
<b>Total</b>	20,50,00,000	20,500	20,50,00,000	20,500
<b>Subscribed, issued &amp; fully paid up</b>				
Equity shares of ₹ 10/- each	18,02,19,448	18,022	18,02,19,448	18,022
<b>Total</b>	18,02,19,448	18,022	18,02,19,448	18,022

**a) Terms/ Voting Rights attached to the Equity Shares**

- (i) The Company has one class of equity shares having a face value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.
- (ii) In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of the number of the Equity shares held by the Shareholders.

**b) Reconciliation of the number of shares outstanding**

Movement of Shares	As at 31.03.2021	As at 31.03.2020
<b>Opening number of shares issued</b>	18,02,19,448	18,02,19,448
Changes during the year	-	-
<b>Closing number of shares issued</b>	18,02,19,448	18,02,19,448

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

Name of shareholder	As at 31.03.2021		As at 31.03.2020	
	Number of shares	% Holding	Number of shares	% Holding
Sunflag Limited, Channel Islands, UK	6,52,53,582	36.21%	6,52,53,582	36.21%
Daido Steel Co. Ltd., Japan	1,80,21,945	10.00%	1,80,21,945	10.00%
Mr. Suhrit Ravi Bhushan Bhardwaj	1,32,17,398	7.33%	1,32,17,398	7.33%

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

- d) Aggregate number of bonus share or share for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date are "NIL".
- e) The Board of directors of the company have not recommended dividend at its meeting held on May 29, 2021.

**14. Other equity**

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
Securities premium	3,785	3,785
General reserve	256	256
Retained earnings	94,371	79,770
<b>Other Comprehensive income/ (Loss)</b>		
- Revaluation Surplus	35,054	36,303
- Remeasurements of the defined benefit plans	590	522
<b>Total</b>	<b>1,34,056</b>	<b>1,20,536</b>

**15. Non current borrowings**
**Secured**

a) Term loans - from banks	14,636	14,538
Less : Current maturities of long-term debt (refer note 22)	(3,687)	(5,147)
<b>Total (a)</b>	<b>10,949</b>	<b>9,391</b>

**Unsecured**

a) From promoters (interest free)	1,375	1,375
b) Other	-	-
Interest free Sales Tax loan	1,275	1,976
Less : Current maturities of long-term debt (refer note 22)	(648)	(812)
<b>Total (b)</b>	<b>2,002</b>	<b>2,539</b>
<b>Total (a+b)</b>	<b>12,951</b>	<b>11,930</b>

- i. Term Loans from Banks are Secured by a first mortgage of the Company's immovable properties situated at Village Warthi, District Bhandara, both present and future ranking *pari passu interse* and a first charge by way of hypothecation of all the company's movables subject to prior charges created in favour of Company's bankers on inventories, book debts and other movables for securing the borrowings for working capital requirement.
- ii. a) Term loan of ₹ 7,500 lakh (outstanding ₹ 632 lakh) (previous year ₹ 2,084 lakh) borrowed from State Bank of India is further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.

b) Other Term loan availed during the year :-

(₹ in Lakh)

S.N.	Bank Name	Sanctioned Amount	Availed / Outstanding 31.03.2021	Availed / Outstanding 31.03.2020
1.	State Bank of India	15,000	7,423	6,139
2.	Canara Bank	10,000	3,784	3,518
3.	Axis Bank	6,500	2,797	2,797
	<b>Total</b>	<b>31,500</b>	<b>14,004</b>	<b>12,454</b>

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

iv. The Unsecured loans comprising term loans given by Promoters are interest free. There is no stipulation as to the repayment hence there is no default which has occurred in repayment during the year.

v. The Unsecured loans comprising Interest free Sales Tax Loan are valued on NPV basis. Actual liability is ₹ 1,275 lakh (previous year ₹ 1,976 lakh). The repayment of the sales tax loan is made as per the schedule and no default has occurred in repayment during the period.

(₹ in Lakh)

Maturity Profile	0-1 year	1 - 2 year	2 - 3 years	3 - 4 years	Beyond 4 years
Term loan from banks #	3,687	5,250	5,250	5,250	12,063
Unsecured Interest Free Sales Tax Loan ##	648	462	165	-	-

# The management have reviewed the status of expansion projects and in view of delay in arrival of equipment, original date of commissioning was delayed. In view of delay in commissioning of these projects, the company has received approval for extension in commissioning of project and repayment for a period of one year ( the repayment of new term loans was to start from September 2020 as per the original terms of sanction.) Accordingly, these new loans to start from September 2021. The maturity profile shown above are as per revised sanction terms and including undrawn loan.

## Figure given are including unwinding of interest as per Ind AS.

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>16. Other non - current financial liabilities</b>		
<b>a) Lease Liability</b>		
Lease Liability Ind AS 116	5,975	6,000
Less : Lease Liability - Current Maturity	(254)	(230)
	<u>5,721</u>	<u>5,770</u>
<b>b) Other financial liabilities</b>		
Payables for capital goods	1,388	1,753
Security Deposits	137	162
<b>Total</b>	<u>1,525</u>	<u>1,915</u>
	<u>7,246</u>	<u>7,685</u>
<b>17. Non - current provisions</b>		
Provision for employee benefits	718	683
Provision for contingencies (refer below mention note)	3,191	3,797
<b>Total</b>	<u>3,909</u>	<u>4,480</u>

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

Particulars	Labour and other dues		Mine Restoration Obligation		Total	
	2020-2021	2019-2020	2020-2021	2019-2020	2020-2021	2019 -2020
<b>Opening</b>	682	682	3,115	3,103	3,797	3,785
Provision (Reversal) during the year	-	-	(618)	-	(618)	-
Remeasurement losses accounted in OCI	-	-	-	-	-	-
Payment during the year	-	-	-	-	-	-
Interest Charge for the year	-	-	12	12	12	12
<b>Closing</b>	<b>682</b>	<b>682</b>	<b>2,509</b>	<b>3,115</b>	<b>3,191</b>	<b>3,797</b>

18. Deferred tax liabilities

Particulars	Balances as on 31.03.2021	Charge/Credit during the year	Balances as on 31.03.2020
<b>Deferred Tax Liabilities on</b>			
Tax on account of timing difference between book value of depreciable assets as per books of account and written down value as per Income Tax Act,1961	6,542	(354)	6,896
Revaluation Gain	11,791	(419)	12,210
	<u>18,333</u>	<u>(773)</u>	<u>19,106</u>
<b>Deferred Tax Asset on</b>			
Lease asset	(1,530)	(60)	(1,470)
Lease liability	1,504	(6)	1,510
Expensed Disallowed	1,107	285	822
	<u>1,081</u>	<u>219</u>	<u>862</u>
<b>Net Deferred Tax Liability (Current Year)</b>	<u>17,252</u>	<u>(992)</u>	<u>18,244</u>
Net Deferred Tax Liability (Previous year)	18,244	10,042	8,202

	Year ended 31.03.2021 (₹ in Lakh)	Year ended 31.03.2020 (₹ in Lakh)
<b>Tax Expenses :</b>		
a) Current Tax expense for the year	4,772	2,345
b) Deferred Tax	(992)	(2,168)
<b>Total</b>	<b>3,780</b>	<b>177</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31.03.2021 and 31.03.2020.</b>		
Accounting profit before tax	15,860	9,433
Applicable tax rate	25.168%	25.168%
Computed tax	3,992	2,374
Adjustments Revaluation Gain	(419)	-
Permanent disallowance	78	100
Due to change in tax rate	-	(2,294)
Less : Others	129	(3)
<b>Current Tax expenses for the year</b>	<b>3,780</b>	<b>177</b>
	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
	<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>
<b>19. Other non - current liabilities</b>		
Government grant	60	173
<b>Total</b>	<b>60</b>	<b>173</b>
<b>20. Current financial liabilities - Borrowings</b>		
<b>Secured</b>		
<b>Loans repayable on demand</b>		
Borrowings for working capital from banks	-	10,583
<b>Unsecured</b>		
Customer bills discounted	3,146	3,765
<b>Total</b>	<b>3,146</b>	<b>14,348</b>
i. Working capital borrowings are secured by way of hypothecation of Inventories and book debts and further secured by way of second charge ranking <i>pari passu</i> over the fixed assets situated at Village Warthi, District Bhandara both present and future, subject to prior charges created by the Company in favour of banks for securing term loan. Working capital borrowings are secured by the personal guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.		
ii. Interest on working capital loan from Banks are charged at respective bank's MCLR plus 50 -100 bps		
iii. Outstanding under Customer bills discounted are supported by Letter of credit issued by the respective customers. Further the bills are discounted after receipt of acceptance from applicant's Bank.		
<b>21. Current financial liabilities - Trade payables</b>		
a) Total outstanding dues of Micro Enterprises and Small Enterprises	810	1,366
b) Others		
i) Acceptances	1,852	8,405
ii) Other than acceptances	24,814	21,698
	<b>26,666</b>	<b>30,103</b>
<b>Total (a+b)</b>	<b>27,476</b>	<b>31,469</b>
There are certain amounts outstanding beyond the agreed period to Micro and Small enterprises as required by MSMED Act, 2006 as on the Balance Sheet date due to the dispute with these enterprises, to the extent such enterprises have identified based on information available with the Company. However, since the amount is disputed, the management is of the view that no interest liability will arise on the Company.		
i. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	810	1,366
ii. The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year; and		
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
	<b>810</b>	<b>1,366</b>

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Moreover the Company is in the process of updating its suppliers data, as to the status as a Micro, Small & Medium Enterprise with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro, Small & Medium Enterprises Development Act, 2006.



	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>22. Other current financial liabilities</b>		
Current maturities of long-term debt		
i) Term loan from banks	3,687	5,147
ii) Unsecured Interest free Sales Tax Loan	648	812
Interest accrued but not due on long term borrowings	73	91
Unclaimed dividends #	34	34
Discounts	629	973
Managerial commission	440	179
Salary & Reimbursements	1,871	1,353
Advances received from Customers	2,106	995
Capital Creditors	243	436
Others	2,349	2,350
<b>Total</b>	<b>12,080</b>	<b>12,370</b>
# There are no amounts due and outstanding to be credited to the Investor Education and Protection fund.		
<b>23. Other Current Liabilities</b>		
a) Government grant	113	159
b) Others		
Statutory dues payable	264	238
Others	624	464
	<b>1,001</b>	<b>861</b>
<b>24. Current Tax Liabilities (net)</b>		
Income tax liabilities (net)	595	-
	<b>595</b>	<b>-</b>
		For the Year ended
	31.03.2021 (₹ in Lakh)	31.03.2020 (₹ in Lakh)
<b>25 a) Revenue From Operations</b>		
Sale of manufactured goods	1,92,152	1,82,247
Less : Discounts	(3,094)	(6,817)
<b>Sub Total</b>	<b>1,89,058</b>	<b>1,75,430</b>
<b>Other operating income</b>		
Conversion charges received	69	238
Duty drawback & export incentives	28	144
<b>Sub Total</b>	<b>97</b>	<b>382</b>
<b>Total revenue from operations</b>	<b>1,89,155</b>	<b>1,75,812</b>
<b>25. b) Other Income</b>		
Interest Income	591	650
Insurance claims	295	204
Amortization of government grant	159	199
Gain on foreign exchange fluctuation (Net)	-	12
Others	47	51
<b>Total</b>	<b>1,092</b>	<b>1,116</b>
<b>26. a) Cost of raw material &amp; components consumed</b>		
Inventory at the beginning of the year	20,952	18,711
Add : Purchases during the year	1,19,076	1,08,955
Less: Inventory at the end of the year	(30,267)	(20,952)
<b>Total raw material &amp; components consumption</b>	<b>1,09,761</b>	<b>1,06,713</b>
<b>Details of raw material &amp; components consumed</b>		
Iron ore & iron ore fines	21,211	15,329
Coal & coal fines (Net of Consumption of Coal from Captive Mines)	8,175	6,676
Coke	37,913	37,304
Sponge iron	-	-
Scrap & HBI	4,141	3,735
Ferro alloys	16,205	17,218
Fluxes, minerals & additives	6,916	5,889
Electrodes	1,364	1,572
Others	13,836	18,990
<b>Total</b>	<b>1,09,761</b>	<b>1,06,713</b>
<b>26. b) Other Manufacturing Expenses</b>		
Consumption of fuel	3,079	4,264
Consumption of power (Net of captive consumption)	10,205	7,488
Coal mine freight & other expenses	2,534	8,241
Contract expenses	7,516	11,261
<b>Total Other Manufacturing Expenses (b)</b>	<b>23,334</b>	<b>31,254</b>
<b>Total Expenses (a+b)</b>	<b>1,33,095</b>	<b>1,37,967</b>

	For the year ended	
	31.03.2021 (₹ in Lakh)	31.03.2020 (₹ in Lakh)
<b>Details of Inventory Raw Material &amp; Components</b>		
Iron Ore & Iron Ore Fines	7,945	9,014
Coal & Coal Fines	1,971	1,448
Coking Coal	5,268	-
Coke	4,496	2,596
Scrap & HBI	1,421	130
Ferro Alloys	2,856	-
Fluxes, Minerals & Additives	682	573
Electrodes	509	758
Goods in Transit	5	5
Others	5,114	4,273
<b>Total</b>	<b>30,267</b>	<b>20,952</b>
<b>27. Changes in inventories of finished goods and work-in-progress</b>		
<b><u>Inventories at the end of the year</u></b>		
Finished goods	11,781	17,639
Work-in-progress	12,332	17,685
<b>Total (a)</b>	<b>24,113</b>	<b>35,324</b>
<b><u>Inventories at the beginning of the year</u></b>		
Finished goods	17,639	18,077
Work-in-progress	17,685	18,429
<b>Total (b)</b>	<b>35,324</b>	<b>36,506</b>
<b>Net (increase) / decrease</b>	<b>Total (b-a)</b>	<b>1,182</b>
<b>28. Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	7,814	7,981
Contribution to Provident & other Funds	686	947
Staff Welfare Expenses	678	666
Remeasurements of the defined benefit plans (Gratuity)	68	140
<b>Total</b>	<b>9,246</b>	<b>9,734</b>
<b>29. Finance Cost</b>		
Interest on term loans	1,429	878
Interest Capitalised	(1,218)	(531)
Interest on term loans net	211	347
Interest on working capital loans	1,029	1,768
Interest on bills discounted	162	300
Other borrowing costs	736	1,100
Unwinding of interest	13	12
Interest on Incremental Liabilities of Deferred Sales Tax as per IND AS	111	171
Interest on Lease Liability (Ind AS 116)#	606	427
#Refer note No. 36) <b>Total</b>	<b>2,868</b>	<b>4,125</b>
<b>30. Depreciation and amortization expense</b>		
Depreciation and amortization Property, Plant & Equipment	6,567	4,302
amortization of Right to Use Assets#	451	318
#Refer note No. 36) <b>Total</b>	<b>7,018</b>	<b>4,620</b>
<b>31. Other Expenses</b>		
Freight & forwarding (net of recoveries)	6,498	5,615
Travelling expenses	134	463
Insurance charges	556	257
Rent, rates and taxes	93	265
Repairs & maintenance	122	165
Printing & stationary	20	39
Directors' sitting fee	6	9
Postage & telephones	66	96
Corporate social responsibility	310	304
Admin Expenses	683	844
Legal & professional expenses	827	1,250
Exchange fluctuation Loss (net)	136	1
Commission	276	164
Provision for doubtful debts	408	81
Provision for investment deminution/advance to subsidiaries (net)	670	-
Others	144	314
<b>Total</b>	<b>10,949</b>	<b>9,867</b>

**31.2 Payments to Auditors**

Statutory Audit fees		15	17
Limited Review fees		5	-
<b>Total</b>		<b>20</b>	<b>17</b>

**32. Earnings Per Share****Basic Earnings per Share**

		For the year ended 31.03.2021	For the year ended 31.03.2020
Continuing Operations			
Profit / (Loss) after Tax	₹ in lakh	13,352	9,256
Weighted Average shares outstanding at the end of year	Number	18,02,19,448	18,02,19,448
Number of Shares outstanding at the end of year	Number	18,02,19,448	18,02,19,448
Basic and diluted Earnings ₹ per equity share	Rupees	7.41	5.14

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

**33. Contingent liabilities and commitments (to the extent not provided for)**

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>i) Contingent liabilities</b>		
a) Unexpired letter of credit	13,536	2,558
b) Guarantees issued by Company's bankers on behalf of the Company	2,896	8,213
c) Excise duty & custom duty against which company has preferred an appeal	1,021	528
d) Income Tax Liability	132	249
e) Other Legal cases filed against the company	16	26
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	24,558	18,617

Note : Interest liabilities may arise on above contingent liabilities.

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

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

Name of the party	Relationship	Amount outstanding as at		Maximum balance outstanding during for the year	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
Khappa Coal Company Private Limited	Subsidiary	737	737	737	737
Sunflag Power Limited	Subsidiary	1,028	1,023	1,028	1,023

Note : Refer Note No. 40(v) for other details.

**35. Segment information**

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

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

Particulars	Year ended 31 <sup>st</sup> March 2021		Year ended 31 <sup>st</sup> March 2020	
	Domestic	Foreign	Domestic	Foreign
<b>Revenues from sale of products to external customers #</b>	<b>1,87,105</b>	<b>2,050</b>	1,72,953	2,859
<b>Non - Current Assets :</b>				
Property, Plant and Equipment	1,13,171	-	1,08,629	-
Right of Use Assets	5,601	-	5,840	-
Capital work in progress	15,026	-	20,980	-
Other non current assets	8,807	-	6,090	-

Note : There are no non-current assets located outside India

# There is no single customer who has contributed 10% or more to the Company's revenue for both the years ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020.

**36. Leases (Ind AS 116 Disclosure)**

(₹ in Lakh)

Set out below are the carrying amounts of lease liabilities and the movements during the year :

	<u>As at 31.03.2021</u>	<u>As at 31.03.2020</u>
<b>Opening Balance</b>	<b>6,000</b>	-
Acquisition	212	6,158
Deletions	-	-
Accretion of interest	606	427
Payments	844	585
<b>Closing balance</b>	<b>5,974</b>	<b>6,000</b>
Non-current	5,721	5,770
current	254	230

The effective interest rate of lease liabilities is 9.85%, with maturity between 2020-2083

The following are the amounts recognised in statement of profit &amp; loss :

Amortisation expense of right to use assets	451	318
Interest expense on lease liabilities	606	427
Expense relating to leases of short-term / low value assets (included in other expenses)	-	-
<b>Total amount recognised in statement of profit or loss</b>	<b>1,057</b>	<b>745</b>

Amounts recognised in statement of cash flows :

**Financing activities**

Repayment of principal	238	158
Repayment of interest	606	427

**Operating activities**

Short term / low value assets lease payment	-	-
<b>Total cash outflow for leases</b>	<b>844</b>	<b>585</b>

Minimum lease amount are not separately disclosed as the same is not material.

**37. Capital management**

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

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

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

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
Long term borrowing	12,951	11,930
Short term borrowing	3,146	14,348
Current maturities of long-term debt	4,335	5,959
Less : Cash and bank balance	(7,148)	(5,197)
<b>Net debt</b>	<b>13,284</b>	<b>27,040</b>
Equity	1,52,078	1,38,658
<b>Capital and net debt</b>	<b>1,65,362</b>	<b>1,65,698</b>
<b>Gearing ratio</b>	<b>8%</b>	<b>16%</b>

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020.

**38.** Company has given a long term advance in the earlier year aggregating of ₹ 3,324 Lakh to one of the supplier of the minerals but due to security issues there are no movement of the goods done till date. However, based on the management's estimate this contract is having a good potential savings to the Company in terms of availability of the minerals at a very competitive price, hence no provision for the same has been created by the Company against the said advances.

**39. Employees benefit plans**

1) Employees Provident Fund, the Company has made good the shortfall of interest on fund ₹ 18 Lakh. (Previous Year Deficit ₹ 21 Lakh). Further the following table sets out for the Employee Benefits plan as required under IndAS 19

(₹ in Lakh)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>Statement showing changes in Present Value of obligation :</b>						
Present value of obligations at the beginning of the year	2,574	2,155	7,539	6,995	2,587	2,430
Interest Cost	181	163	622	588	129	187
Current Service Cost	141	506	825	920	191	234
Benefits paid	(289)	(249)	(1,023)	(964)	(506)	(264)
Actuarial Loss on Obligations	-	-	-	-	-	-
Present value of obligations as at the end of the year	2,608	2,574	7,962	7,539	2,400	2,587
<b>Table showing changes in the fair value of Plan Assets :</b>						
Fair value of Plan Assets at the beginning of year	2,574	2,155	7,539	6,995	2,587	2,430
Expected return on Plan Assets	181	163	603	568	129	187
Contributions	141	506	825	920	191	234
Benefits paid	289	249	(1,023)	(964)	(506)	(264)
Actuarial Gain / (Loss) on Plan Assets	(577)	(498)	-	-	-	-
Fair value of Plan Assets at the end of the year	2,608	2,574	7,944	7,518	2,400	2,587
Funded Status	-	-	18	21	-	-
Excess of Actual over estimated return on Plan Assets	-	-	-	-	-	-
<b>Actuarial Gain / (Loss) recognised :</b>						
Actuarial Loss for the year - Obligation	-	-	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	-	-	-	-	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	-	-	-	-	-	-
<b>Amounts to be recognised in the Balance Sheet :</b>						
Present value of obligations as at the end of the year	2,608	2,574	7,963	6,995	2,400	2,397
Fair value of Plan Assets as at the end of the year	2,608	2,574	7,944	7,001	2,400	2,397
Funded Status	-	-	(19)	6	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	-	-	19	(6)	-	-
<b>Expenses Recognised in the statement of Profit and Loss :</b>						
Current Service Cost	141	506	622	588	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	603	567	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	-	-	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	141	506	(19)	(20)	-	-
<b>Actuarial Assumptions :</b>						
Discount Rate	7.80%	7.80%	8.50%	8.55%	-	-
Salary Escalation	5.00%	5.00%	5.00%	5.00%	-	-
<b>Investment Details :</b>						
GOI Securities	-	-	22%	27%	-	-
State Government Securities	-	-	40%	36%	-	-
Approved Marketable Securities	-	-	0%	0%	-	-
Bonds / Debentures etc	-	-	34%	33%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	4%	4%	-	-
<b>Total</b>	-	-	<b>100%</b>	<b>100%</b>	-	-

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

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

In accordance with the requirements of IND AS-24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reporting periods.

**Related Party Name and Relationship****i) Key Management Personnel**

(₹ in Lakh)

Name	Designation	Account	Transactions year ended		Outstanding As at	
			31.03.2021	31.03.2020	31.03.2021	31.03.2020
Mr. Ravi Bhushan Bhardwaj	Non Executive Chairman	Commission	84	51	35	69
Mr. Pranav Bhardwaj	Managing Director	Remuneration & Commission	500	368	17	110
Mr. Surendra Kumar Gupta	Deputy Managing Director	Remuneration	100	109	-	-
Mr. R. Muralidhar	Executive Director (Finance)	Remuneration	80	93	-	-
Mr. Ramchandra V. Dalvi	Executive Director (Works)	Remuneration	69	75	-	-
Mr. S. Mahadevan (w.e.f. 01.10.2019)	Chief Financial Officer	Remuneration	43	20	-	-
Mr. Ashutosh Mishra	Company Secretary	Remuneration	26	30	-	-
Dr. E.R.C. Shekhar	Non Executive, Independent Director	Commission & Sitting Fees	3.93	4.72	-	-
Mr. Kumar Jitendra Singh	Non Executive, Independent Director	Commission & Sitting Fees	3.86	4.23	-	-
Mr. Jayesh Parmar	Non Executive, Independent Director	Commission & Sitting Fees	-	1.73	-	-
Mr. S. Gajendran	Non Executive, Independent Director	Commission & Sitting Fees	-	0.87	-	-
Mrs. Neelam Kothari	Non Executive, Independent Director	Commission & Sitting Fees	3.22	3.52	-	-
Mr. Rooshad Patel	Non Executive, Independent Director	Commission & Sitting Fees	-	2.20	-	-
Mr. Anand Kapre	Non Executive, Independent Director	Commission & Sitting Fees	2.80	1.45	-	-
Mrs. Vinita Bahri	Non-Executive, Independent Director	Commission & Sitting Fees	2.80	0.26	-	-
Mr. Sajiv Dhawan	Non Executive, Independent Director	Commission & Sitting Fees	3.02	1.85	-	-

Note :- Directors remuneration includes post employment benefits, PF and other contributions.

**ii) Subsidiaries**

Particulars	Shareholding as on 31.03.2021	Account	Transactions year ended		Outstanding As at	
			31.03.2021	31.03.2020	31.03.2021	31.03.2020
Sunflag Power Limited	100%	Unsecured Loan	5	14	1,028	1,023
Khappa Coal Company Private Limited	63.27%	Advance Paid	-	-	737	737
Sunflag Foundation	100%	Share Capital	-	-	1	1
Sunflag Foundation		CSR Expenses	310	304	-	-

a) Refer note No. 40(v) for loans, advances and investment in subsidiaries.

**iii) Joint Ventures**

Daido D.M.S. India Private Limited	17.56%	Share Capital	-	-	360	360
Ramesh Sunwire Private Limited		Share Capital	490	270	980	490
Ramesh Sunwire Private Limited	49.00%	Sale of goods	1,763	1,245	491	754
Ramesh Sunwire Private Limited		Purchase of goods	-	32	-	(11)
CT Mining Private Limited	31.80%	Share Capital	-	-	295	295
Madanpur (North) Coal Co. Pvt. Ltd.	11.73%	Share Capital	-	-	110	110

Note : Sales/Purchase figures given are inclusive of taxes.

**iv) Entries over which KMPs have significant influence**

Haryana Televisions Limited	Relationship through KMP	Rent	47	57	-	-
Haryana Televisions Limited	Relationship through KMP	Security Deposit	-	-	28	28

Note : Rent figures given are inclusive of taxes.

**v) Disclosure required by Companies Act, 2013**
**a) Particulars of loans given (under section 186(4) of the Companies Act, 2013 :**

Name of the loanee	Opening Balance	Loans given	Loans repaid	Closing Balance	Provision made during the year	Purpose
1. Sunflag Power Limited	1,023	5	-	1,028	-	Operational
2. Khappa Coal Company Private Limited	737	-	-	737	737	Operational

**b) Particulars of guarantee given : The Company has not given any guarantee to its subsidiaries / joint venture Companies**
**c) Particulars of investment made :**

Name of the Company	Opening Balance	Investment made	Investment Sold	Closing Balance	Provided	Purpose
<b>Subsidiaries-</b>						
1. Sunflag Power Limited	5	-	-	5	-	Long Term Inv.
2. Khappa Coal Company Private Limited	316	-	-	316	(316)	Long Term Inv.
3. Sunflag Foundation	1	-	-	1	-	CSR
<b>Joint Ventures -</b>						
Madanpur (North) Coal Company Private Limited	110	-	-	110	(110)	Long Term Inv.
CT Mining Private Limited	318	-	-	318	(125)	Long Term Inv.
Daido DMS India Private Limited	360	-	-	360	(150)	Long Term Inv.
Ramesh Sunwire Private Limited	490	490	-	980	-	Long Term Inv.
<b>Total</b>	<b>1,600</b>	<b>490</b>	<b>-</b>	<b>2,090</b>	<b>(701)</b>	

**D) Particulars of security deposit : Nil**
**41. Interest In Joint Ventures**

The Company has interests in the following jointly controlled entities:

Name of Companies and country of incorporation	% of shareholding	Amount of Interest based on accounts for the year ended 31.03.2021					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Daido D.M.S. India Private Limited	17.56 (17.56)	344 (364)	344 (364)	185 (171)	198 (211)	- -	- -
Madanpur (North) Coal Company Private Limited	11.73 (11.73)	110 (110)	110 (110)	3 (3)	14 (14)	389 (389)	- -
Ramesh Sunwire Private Limited	49.00 (49.00)	2,031 (2,067)	2,031 (2,067)	1,245 (808)	1,202 (816)	- -	- -
C T Mining Private Limited	31.80 (31.80)	319 (315)	319 (315)	8 (8)	3 (4)	- -	- -

Note : Figures in brackets relate to the previous year.

# Financials of Madanpur (North) Coal Co. Pvt. Ltd. are not available till the date of signing of these financials. Provision for investment has already been provided, hence the figures relating to MNCPL are not changed.

**42. Fair value hierarchy**

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

**Financial Assets :**
**(₹ in Lakh)**

Particulars	Fair value hierarchy	As at 31.03.2021		As at 31.03.2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets designated at fair value through profit and loss</b>					
Non current financial asset - Investments	Level-3	1,389	1,389	1,450	1,450
<b>Financial assets designated at fair value through other comprehensive income</b>					
<b>Financial assets designated at amortised cost</b>					
Non current financial asset - Bank	Level-2	116	116	94	94
Non current financial asset - Loans	Level-3	2,355	2,355	3,196	3,196
Current financial asset - Trade receivables	Level-3	21,022	21,022	22,164	22,164
Current financial asset - Cash and cash equivalents	Level-2	1,740	1,740	521	521
Financial Asset - Bank balances other than above	Level-2	5,408	5,408	4,676	4,676
<b>Total</b>		<b>32,030</b>	<b>32,030</b>	<b>32,101</b>	<b>32,101</b>

**Financial Liabilities :**

Financial liability designated at amortised cost						
Non current financial liabilities	- Borrowings	Level-2	10,949	10,949	9,391	9,391
Non current financial liabilities	- Other	Level-3	3,527	3,527	4,454	4,454
Current financial liabilities	- Borrowings	Level-2	6,906	6,906	19,586	19,586
Current financial liabilities	- Other	Level-3	8,320	8,320	7,132	7,132

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

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

The fair values of derivatives are on MTM as per Bank

Company has opted to fair value its Long term and Current investments through profit & loss

Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

**Fair value hierarchy**

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

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

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

**43. Financial Risk Management**
**Financial risk factors**

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

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

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

**i) Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total loan portfolio. The company's borrowings have been contracted at floating rates of interest. Accordingly, carrying value of such borrowings (including interest accrued but not due) which approximates fair value.

**Interest rate sensitivity**

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

(₹ in Lakh)

Increase / (decrease) in interest rate		Effect on profit before tax	
As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
0.50%	0.50%	(7.01)	(12.08)
- 0.50%	- 0.50%	7.01	12.08

**Foreign currency risk**

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

Currency	As at 31.03.2021		As at 31.03.2020	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
EUR	2	(2)	2	(2)
GBP	-	-	-	-
SEK	-	-	-	-
USD	61	(61)	5	(5)

**ii) Credit risk**

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



**Trade receivables**

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. The Company continuously monitors the economic environment in which it operates. The Company manages its Credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business. An impairment analysis is performed at each reporting date on an individual basis for major clients. An impairment analysis is performed at each quarter end on an individual basis for major customers.

(₹ in Lakh)

Ageing	Total		Up to 6 month		More than 6 month	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Trade receivables	22,491	23,225	21,022	22,164	1,469	(1,061)
Less : ECL Provision	(1,469)	(1,061)	-	-	(1,469)	(1,061)

**Movement of Expected Credit loss**

(₹ in Lakh)

	Opening Balance	Addition	Reversal	Closing Balance
Expected Credit loss - 2021	1,061	408	-	1,469
2020	980	81	-	1,061

**iii) Liquidity Risk**

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and cash credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contracted undiscounted payments.

Non current /current financial liabilities	Total		Less than 1 year		1 year - 2 year		2 year and above	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>Non current financial liabilities</b>								
i) Borrowings*	17,286	17,889	4,335	5,959	5,712	5,250	7,239	6,680
ii) Others	7,246	7,685	-	-	1,820	2,169	5,426	5,516
<b>Current financial liabilities</b>								
i) Borrowings*	3,146	14,348	3,146	14,348	-	-	-	-
ii) Others	12,080	12,370	12,080	12,370	-	-	-	-

\*including current maturity of long term debt

**44. Details of CSR expenses allocated by the Company**

i) (₹ in Lakh)

Particulars	For the year ended 31.03.2021	For the year ended 31.03.2020
Gross amount required to be spent during the year	310	304
Amount spent during the year		
- Construction / acquisition of any assets	-	-
- On purpose other than above	310	304

**ii) CSR expenses incurred by the implementing agency and the Company**

Description	Relevant Clause of SCH VII of Companies Act, 2013	For the year ended 31.3.2021	For the year ended 31.3.2020
<b>Expenditure done through Sunflag Foundation</b>			
Rural Development	Clause No. X	6	44
Health Care	Clause No. I	94	39
Education training & skill development	Clause No. I & X	15	31
Environment sustainability & protection of Flora and Fauna	Clause No. IV	1	17
District Sport & Cultural activities	Clause No. VII	1	17
		117	148
<b>Expenditure done directly by the Company</b>			
Rural Development	Clause No. X	148	-
<b>Total Expenditure by the Company</b>		<b>265</b>	<b>148</b>

The unspent amounts are allocated to various on going capital expenditure approved by the CSR Committee of the company. All such unspent amount has been transferred to specific account.

45. During the year, Company has incurred expenditure related to construction of property, plant and equipment and therefore accounted for the same under capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below :

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Brought forward from last year</b>	<b>20,980</b>	<b>17,897</b>
<b>Expenditure incurred during the year :</b>		
- Building and civil constructions	198	979
- Machinery and equipments	4,345	12,395
- Interest and financial charges	1,218	462
- Miscellaneous expenses	-	-
<b>Total expenditure during the year</b>	<b>5,761</b>	<b>13,836</b>
Less : Miscellaneous income	-	-
Less : Capitalised during the year	11,715	10,753
<b>Carried forward as part of Capital-work-in-progress</b>	<b>15,026</b>	<b>20,980</b>

**46. Subsequent events**

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization of these financial statements.

47. In view of outbreak of Corona Virus (COVID-19) pandemic globally and in India caused significant disturbance in economic activities. Economy has shown positive trends in the second half of the FY 2020-21 after resumption of business activities in most of the industries particularly after India started its national COVID vaccination programme in January 2021. However country is witnessing resurgence in COVID cases from start of April 2021.

The Company is periodically reviewing possible impact of COVID-19 on its business and the same are considered in preparation of financial statements for the year ended 31<sup>st</sup> March, 2021. Review includes internal & external factors as known to the company upto the date of approval of these financial statements to assess and finalise the carrying amounts of its Assets & Liabilities.

48. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contribution by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13<sup>th</sup> November, 2020, and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

49. Previous year's figures have been regrouped / re-classified wherever necessary to make them more comparable.

*As per our report of even date as attached*

**For NSBP & CO.**  
*Chartered Accountants*  
**FRN : 001075N**

**DEEPAK K AGGARWAL**  
*Partner*  
**M. No. 095541**  
**New Delhi**  
**29<sup>th</sup> May, 2021**

*For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited*

**PRANAV BHARDWAJ**  
*MANAGING DIRECTOR*

**S. K. GUPTA**  
*Dy. MANAGING DIRECTOR*

**CA R. MURALIDHAR**  
*EXECUTIVE DIRECTOR (FINANCE)*  
**Nagpur**  
**29<sup>th</sup> May, 2021**

**K. J. SINGH**  
*DIRECTOR*

**VINITA BAHRI**  
*DIRECTOR*

**S. MAHADEVAN**  
*CHIEF FINANCIAL OFFICER*

**ASHUTOSH MISHRA**  
*COMPANY SECRETARY*

**Form No. AOC – 1**

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules 2014]

**Statement containing salient features of the financial statement of Subsidiaries / Associates Companies / Joint Ventures**

(₹ in Lakh)

**Part “A” : Subsidiaries**

Particulars	Sunflag Power Limited	Khappa Coal Company Private Limited	Sunflag Foundation
Latest audited Balance Sheet date	31.03.2021	31.03.2021	31.03.2021
% of Shareholding of Sunflag Iron and Steel Company Limited	100%	63.27%	100%
Paid-up Share Capital	5.00	500.00	1.00
Interest free Unsecured Loan	1,028.00	1,165.00	-
Share Application Money	-	-	-
Reserves and Surplus	-	(85.90)	-
Other Liabilities	-	2.94	463.00
Total Assets	1,033.00	1,582.00	464.00
Total Liabilities	1,033.00	1,582.00	464.00
Investments	-	-	-
Turnover	-	-	-
Profit/(Loss) before Taxation	-	4.77	-
Profit/(Loss) after Taxation	-	4.03	-
Proposed Dividend	-	-	-

Note : Except Sunflag Foundation, other Subsidiary Companies mentioned above, have yet to commence their activities or business operations.

**Part “B” : Associates & Joint Ventures****Statement Pursuant to sub-section (3) of Section 129 of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

(₹ in Lakh)

S. No.	Particulars	Madanpur (North) Coal Company Private Limited	CT Mining Private Limited	Daido DMS India Private Limited	Ramesh Sunwire Private Limited
1	Latest audited Balance Sheet date	# 31.03.2019	31.03.2021	31.03.2021	31.03.2021
2	Shares of Associate / Joint Ventures held by the Company on the year end No.	12,10,188	31,80,000	36,00,000	98,00,000
	Amount of investment in Associate / Joint Ventures	121.00	318.00	360.00	980.00
	Extent of holding %	11.73%	31.80%	17.56%	49.00%
3	Description of how there is significant influence	Part of decision making	Shareholding exceeding 20%	Part of decision making	Part of decision making
4	Reason why the Associate / Joint Ventures not consolidated	NA	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	109.61	311.03	165.98	967.80
6	Profit / (Loss) for the year	(11.40)	11.80	(12.16)	43.02
	Considered in consolidation	Yes	Yes	Yes	Yes
	Not Considered in consolidation	-	-	-	-

Note : All the Joint-Ventures mentioned above, except Daido DMS India Private Limited and Ramesh Sunwire Private Limited, have yet to commence the business operations.

# Financials of Madanpur (North) Coal Company Private Limited are not available till the date of signing and therefore considered as per previous year since the Company is not in operation.

As per our report of even date as attached

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

**For NSBP & CO.**  
Chartered Accountants  
FRN : 001075N

**PRANAV BHARDWAJ**  
MANAGING DIRECTOR  
**S. K. GUPTA**  
Dy. MANAGING DIRECTOR

**K. J. SINGH**  
DIRECTOR  
**VINITA BAHRI**  
DIRECTOR

**DEEPAK K AGGARWAL**  
Partner  
M. No. 095541  
New Delhi  
29<sup>th</sup> May, 2021

**CA R. MURALIDHAR**  
EXECUTIVE DIRECTOR (FINANCE)  
Nagpur  
29<sup>th</sup> May, 2021

**S. MAHADEVAN**  
CHIEF FINANCIAL OFFICER  
**ASHUTOSH MISHRA**  
COMPANY SECRETARY

**INDEPENDENT AUDITORS' REPORT**

To  
The Members  
Sunflag Iron and Steel Company Limited

**Report on the Audit of the consolidated Financial Statements**
**Opinion**

We have audited the accompanying consolidated financial statements of **Sunflag Iron and Steel Company Limited** ("the Company" or "Holding Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group") and its joint ventures, which comprise the consolidated balance sheet as at 31<sup>st</sup> March, 2021 the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, thereof ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its joint ventures as at 31<sup>st</sup> March, 2021 its consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group and its joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Emphasis of Matter**

1. We draw attention to Note 49 to the financial statements, which describes the uncertainties and the impact of Covid-19 pandemic on the Company's operations and results as assessed by the management. Further, our attendance at the physical inventory verification done by the management was impracticable under the current situation and we have therefore, relied on the related alternate audit procedures to obtain comfort over the existence and condition of inventory at year end. Further due to bulk nature of the inventories maintained by the company, the company has performed perpetual inventory verification process and no material discrepancies has been observed.
2. We draw attention to note 39 to the financial statements, which describes the long term advances given by the Company, which is more fully been explained in the said note.

Our opinion is not modified in respect of these matters.

**Key Audit Matters**

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

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Recognition of Revenue, measurement, presentation and disclosure as per Ind AS-115 "Revenue from Contracts with Customers". (Refer Sub-note No XVIII of Note 2 of Accounting Policy).</p>	<p><b>Our procedures included, but were not limited to the following :</b></p> <ul style="list-style-type: none"> <li>• We performed walkthroughs to understand the key processes and identify key controls related Ind AS 115 "Revenue from Contracts with Customers"</li> <li>• On a sample basis we performed testing to verify physical deliveries of product in the year to ascertain transfer of control.</li> <li>• We performed revenue cut-off testing, by reference to bill dates of sales recorded either side of the financial year end had legally completed; and</li> <li>• Selected a sample of sales contracts and read, analysed and identified the distinct performance obligations in these contracts.</li> </ul> <p>Based on our audit procedures we have concluded that revenue is appropriately recognized, and that there was no evidence of management bias.</p>
2.	<p>Evaluation of uncertain civil and indirect tax positions and recoverability of amount deposited under protest as recoverable The Company has material uncertain civil and indirect tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes.</p>	<p><b>Our procedures included, but were not limited to the following :</b></p> <p>Obtained details of completed tax assessments of earlier years and demands as on 31<sup>st</sup> March, 2021 from management of the Company. We have done assessment of the managements underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p>

Sr. No.	Key Audit Matter	Auditor's Response
	<p>The eventual outcome of these litigations is uncertain, and the positions taken by the management of the Company are based on the application of significant judgement and estimation. The review of these matters requires application and interpretation of tax laws and reference to applicable judicial pronouncements.</p> <p>Based on management judgement and the advice from legal and indirect tax Consultants and considering the merits of the case, the Company has recognized provisions wherever required and for the balance matters, where the management expects favourable outcome, these litigations have been disclosed as contingent liabilities in the consolidated financial statements unless the possibility of out flow of resources is considered to be remote.</p> <p>Given the uncertainty and application of significant judgment in this area in terms of the eventual outcome of litigations, we determined this to be a key audit matter.</p>	<p>Based on management estimates, the liability against these matters are not yet certain, hence the same has been shown as contingent liability in the current consolidated financial statements.</p> <ul style="list-style-type: none"> <li>● Understanding and evaluating process and controls designed and implemented by the management including testing of relevant controls;</li> <li>● Gaining an understanding of the civil and indirect tax related litigations through discussions with the management, including the significant developments, additions and settlements during the year and subsequent to 31<sup>st</sup> March, 2021;</li> <li>● Verifying demand notices received from various indirect tax authorities and evaluating the Company's written responses to those matters;</li> <li>● Evaluating the management's assessment on the likely outcome and potential magnitude by involving experts on complex or significant matters as considered necessary; and</li> <li>● Assessing the adequacy of the Company's disclosures.</li> </ul> <p>We did not identify any significant exceptions to the management's assessment of the ongoing civil and indirect tax litigations as a result of the above procedures.</p>

#### **Information Other than the Consolidated Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this Auditors' Report.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to report the matter to those charged with governance.

#### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group and its joint ventures in accordance with the other accounting principles generally accepted in India including the Ind AS specified under Section 133 of the Act, read with the relevant Rules.

The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Board of Directors of the entities included in the Group and its joint ventures are also responsible for overseeing the financial reporting process of the Group and its joint ventures.

#### **Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the holding company and its subsidiaries and its joint venture companies which are the companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements/ information of the entities or business activities within the Group and its joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated financial statements.

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

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

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

We also performed procedures in accordance with the Circular issued by the Securities Exchange Board of India under Regulation 33(8) under (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

#### **Other Matters**

- a) The accompanying consolidated financial statements includes the audited financial statements and other financial information, in respect of two (2) subsidiaries whose financial statements include total assets of Rs. 2,615 lakh as at 31<sup>st</sup> March, 2021; as well as the total revenue Rs. 6 lakh for the year ended 31<sup>st</sup> March, 2021 total profit after tax of Rs. 4 lakh, total comprehensive income of Rs. 4 Lakh and net cash inflow amounting to Rs. 3 lakh for the year ended 31<sup>st</sup> March, 2021 as considered in this consolidated financial statements, which has been audited by their respective independent auditors.

These financial statements and other information have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management and our opinion on the consolidated financial statements, insofar as it relates to aforesaid subsidiaries is based solely on the reports of the other auditors. All the figures stated above are before giving the effect of consolidation adjustments.

- b) The accompanying consolidated financial statements also includes Group's share of profit including other comprehensive income of Rs. 43 lakh for the year ended 31<sup>st</sup> March, 2021 respectively in respect of one (1) joint venture company, whose financial statements have not been audited by us as considered in the consolidated financial statements, which have been audited by the respective independent auditor, our report, to the extent it concerns to this joint venture on the consolidated financial statements is based on the standalone financial statements audited by the respective independent auditor. All the figures stated above are before giving the effect of consolidation adjustments.
- c) The accompanying consolidated financial statements also includes Group's share of (loss) including other comprehensive (loss) of Rs. (8) lakh for year ended 31<sup>st</sup> March, 2021 respectively in respect of three (3) joint venture companies, whose financial statements have been considered on the basis of the management certified accounts, our report, to the extent it concerns to these joint venture entities on the consolidated financial statements is based solely on the management certified financial statements. These joint venture entities are not considered material to the Group. All the figures stated above are before giving the effect of consolidation adjustments.
- d) The figures for the year ended 31<sup>st</sup> March, 2021 are based on the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited and reported by S.S. Kothari Mehta & Company having firm registration number 000756N who have issued an unmodified audit report dated 26<sup>th</sup> June, 2020 have been furnished to us by the management and which have been relied upon by us for the purpose of issuing the report on the consolidated financial statements.

Our opinion on the consolidated financial statements above and our report on the Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the considerations of the reports of the other auditors on separate financial statements of the subsidiaries and joint ventures referred to in the Other Matters paragraph above we report, to the extent applicable, that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the group so far as it appears from our examination of those books and the reports of other auditors;
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with relevant Rules issued thereunder;
- e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2021 and taken on record by the Board of Directors of the Holding Company and its subsidiaries incorporated in India and joint ventures incorporated in India and the reports of the statutory auditors of its subsidiary companies incorporated in India and its joint ventures incorporated in India, none of the directors of the Group and joint ventures incorporated in India is disqualified as on 31<sup>st</sup> 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditor's reports of the Group and its joint venture Companies incorporated in India.
- g) In our opinion and to the best of our information and according to the explanations given to us and the report of the other auditors, the remuneration paid by the holding company to its directors during the year is in accordance with the provisions of section 197 of the Act; no remuneration paid by subsidiary and joint venture companies to its directors, hence not reported; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Group and its joint ventures disclose the impact of pending litigation as at 31<sup>st</sup> March, 2021 on its consolidated financial position of the Group and its joint ventures Refer Note 34 of the consolidated financial statements;
  - ii. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts and
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, its subsidiary companies and joint ventures incorporated in India during the year ended 31<sup>st</sup> March, 2021.

**For NSBP & Co.**  
**Chartered Accountants**  
**Firm Registration No. 001075N**

**Deepak K. Aggarwal**  
**Partner**

**Membership No: 095541**  
**UDIN:21095541AAAAFI6784**

**New Delhi**  
**29<sup>th</sup> May, 2021**

**Annexure A to the Independent Auditor's Report to the members of Sunflag Iron and Steel Company Limited (the "Holding Company") dated 29<sup>th</sup> May, 2021 on its Consolidated Financial Statements.**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 1(f) of 'Report on Other Legal and Regulatory Requirements' section.**

**Our reporting on the internal financial control with reference to consolidated financial statement is not applicable in respect of one (1) subsidiary and four (4) joint venture entities on which reporting under section 143 of the Act, are not applicable.**

In conjunction with our audit of the consolidated financial statement of **Sunflag Iron and Steel Company Limited** as of and for the year ended 31<sup>st</sup> March, 2021 we have audited the Internal Financial Controls over Financial Reporting of Sunflag Iron and Steel Company Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its joint ventures which are the Companies incorporated in India, for the year ended on that date.

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

The respective Board of Directors of the Holding Company and its subsidiaries and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies 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 (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

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**Auditors' Responsibility**

Our responsibility is to express an opinion on the Group and its joint ventures internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, 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 judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of his report referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the group;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the group are being made only in accordance with authorizations of management and directors of the respective Holding company; and
- c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the group's assets that could have a material effect on the consolidated 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 and to the best of our information and according to explanations given to us, the Group, which are incorporated in India have maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2021 based on the criteria for internal financial control over financial reporting established by the Holding company & its subsidiary companies incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our aforesaid reports under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates one (1) subsidiary company which is company incorporated in India, is based corresponding report of the auditor of such subsidiary company incorporated in India.

Our audit report is not modified in respect of above matter.

**For NSBP & Co.**  
**Chartered Accountants**  
**Firm Registration No. 001075N**

**Deepak K. Aggarwal**  
**Partner**  
**Membership No: 095541**  
**UDIN:21095541AAAAFI6784**

**New Delhi**  
**29<sup>th</sup> May, 2021**

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**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES  
CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2021**

Particulars	Note No.	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>A. ASSETS</b>			
<b>1. Non-current Assets</b>			
a) Property, plant and equipment	3	1,13,349	1,08,813
b) Right of use Assets		5,601	5,840
c) Capital work-in progress		17,310	23,259
d) Financial Assets			
i. Investments	4	1,600	1,075
ii. Bank Balances	5	116	94
iii. Non-Current Loans	6	1,327	1,432
e) Other non current asset	6A	8,831	6,114
<b>Total non-current assets</b>		<b>1,48,134</b>	<b>1,46,627</b>
<b>2. Current Assets</b>			
a) Inventories	7	54,380	56,277
b) Financial assets			
i. Trade Receivables	8	21,022	22,164
ii. Cash and cash equivalents	9	1,863	641
iii. Bank balances other than above	9A	5,408	4,676
iv. Others	10	140	230
c) Income tax assets (net)	11	-	316
d) Other current assets	12	8,893	9,954
<b>Total current assets</b>		<b>91,706</b>	<b>94,258</b>
<b>TOTAL ASSETS</b>		<b>2,39,840</b>	<b>2,40,885</b>
<b>B. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a) Share Capital	13	18,022	18,022
b) Other equity	14	1,35,263	1,20,499
c) Minority interest		152	146
<b>Total Shareholders' Funds</b>		<b>1,53,437</b>	<b>1,38,667</b>
<b>2. Non-current Liabilities</b>			
a) Financial liabilities			
i. Borrowings	15	13,379	12,358
ii. Lease liabilities	16(a)	5,721	5,770
ii. Other financial liabilities	16(b)	1,525	1,915
b) Provisions	17	3,910	4,480
c) Deferred tax liabilities (Net)	18	17,252	18,244
d) Other non-current liabilities	19	60	173
<b>Total non-current liabilities</b>		<b>41,847</b>	<b>42,940</b>
<b>3. Current Liabilities</b>			
a) Financial liabilities			
i. Borrowings	20	3,146	14,348
ii. Trade payables	21		
- Total outstanding dues of Micro Enterprises and Small Enterprises		810	1,366
- Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		26,666	30,103
iii. Other financial liabilities	22	12,081	12,370
iv. Lease liabilities	22	254	230
b) Other current liabilities	23	1,001	861
c) Current tax liabilities (net)	24	598	-
<b>Total current liabilities</b>		<b>44,556</b>	<b>59,278</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,39,840</b>	<b>2,40,885</b>

Significant accounting policies 1 &amp; 2

The accompanying notes form an integral part of these Financial Statements

As per our report of even date as attached

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

For NSBP & CO.  
Chartered Accountants  
FRN : 001075NPRANAV BHARDWAJ  
MANAGING DIRECTOR  
S. K. GUPTA  
Dy. MANAGING DIRECTORK. J. SINGH  
DIRECTORVINITA BAHRI  
DIRECTORDEEPAK K AGGARWAL  
PartnerCA R. MURALIDHAR  
EXECUTIVE DIRECTOR (FINANCE)S. MAHADEVAN  
CHIEF FINANCIAL OFFICER

M. No. 095541

Nagpur  
29<sup>th</sup> May, 2021ASHUTOSH MISHRA  
COMPANY SECRETARYNew Delhi  
29<sup>th</sup> May, 2021

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES  
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2021**

Particulars	Note No.	Year Ended 31.03.2021 (₹ in Lakh)	Year Ended 31.03.2020 (₹ in Lakh)
1. Revenue from Operations	25	1,89,155	1,75,812
2. Other Income	26	1,098	1,122
<b>Total Income</b>		<b>1,90,253</b>	<b>1,76,934</b>
<b>3. Expenses</b>			
Cost of raw Materials & Components Consumed	27 (a)	1,09,761	1,06,713
Other Manufacturing Expenses	27 (b)	23,333	31,254
Changes in inventories of finished goods and work-in-progress	28	11,211	1,182
Employee Benefits Expense	29	9,246	9,734
Finance Costs	30	2,868	4,125
Depreciation and Amortisation Expenses	31	7,020	4,622
Other Expenses	32	10,279	9,866
<b>Total Expenses</b>		<b>1,73,718</b>	<b>1,67,496</b>
<b>4. Profit before tax</b>		<b>16,535</b>	<b>9,438</b>
<b>5. Share Profit/(loss) in Joint Ventures &amp; Associates</b>		<b>35</b>	<b>(54)</b>
<b>6. Tax Expense</b>			
a) Current tax	18	4,772	2,345
b) Deferred tax	18	(992)	(2,168)
c) Income tax pertaining to earlier years		(1,272)	-
<b>7. Net Profit After tax</b>		<b>14,062</b>	<b>9,207</b>
Owners Equity		14,061	9,205
Non-Controlling interest		1	2
<b>8. Other comprehensive income</b>			
Items that will not be reclassified to profit or loss		68	48,653
Income tax relating to items that will not be reclassified to profit or loss		-	(12,210)
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
<b>Total comprehensive income for the year (Net of Tax)</b>		<b>14,130</b>	<b>45,650</b>
<b>9. Earning per equity share (Amount in ₹)</b>			
Basic	33	7.80	5.11
Diluted		7.80	5.11

Significant accounting policies

1 &amp; 2

The accompanying notes form an integral part of these financial statements

As per our report of even date as attached

For NSBP & CO.  
Chartered Accountants  
FRN : 001075NDEEPAK K AGGARWAL  
Partner  
M. No. 095541  
New Delhi  
29<sup>th</sup> May, 2021

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

PRANAV BHARDWAJ  
MANAGING DIRECTORS. K. GUPTA  
Dy. MANAGING DIRECTORCA R. MURALIDHAR  
EXECUTIVE DIRECTOR (FINANCE)Nagpur  
29<sup>th</sup> May, 2021K. J. SINGH  
DIRECTORVINITA BAHRI  
DIRECTORS. MAHADEVAN  
CHIEF FINANCIAL OFFICERASHUTOSH MISHRA  
COMPANY SECRETARY

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021**

Particulars	For the year ended 31.03.2021 (₹ in Lakh)		For the year ended 31.03.2020 (₹ in Lakh)	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		16,570		9,384
Items that will not be reclassified to Profit or Loss		-		-
<i>Adjustments for :</i>				
Depreciation and amortisation		7,020		4,622
Finance costs		2,868		4,125
Interest Income		(597)		(656)
Actuarial Gain		68		140
Provision for doubtful trade and other receivables, loans and advances		408		81
Operating profit / (loss) before working capital changes		26,337		17,696
<i>Changes in working capital :</i>				
<i>Adjustments for (increase) / decrease in operating assets :</i>				
Inventories	1,897		(1,060)	
Trade receivables	733		7,352	
Short-term loans and advances	1,678		1,110	
Long-term loans and advances	88		(353)	
Other current assets	1,062		(3,713)	
Other non-current assets	(2,719)	2,739	(2,940)	396
<i>Adjustments for increase / (decrease) in operating liabilities :</i>				
Trade payables	(4,187)		4,748	
Other current liabilities	2,263		51	
Short-term provisions	-		-	
Other long-term liabilities	(154)		350	
Long-term provisions	76	(2,002)	14	5,163
Cash generated from operations		27,074		23,255
Net income tax (paid) / refund net		(4,772)		(2,345)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>22,302</b>		<b>20,910</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on property, plant & equipment including capital advances		(5,372)		(14,242)
Proceeds from sale of property, plant & equipment		-		1
Other Bank deposits not considered in Cash & Cash equivalent (NET)		(732)		1,047
Interest Income		597		656
Long-term investments in - Joint ventures		(525)		-
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(6,032)</b>		<b>(12,538)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings		1,730		12,849
Repayment of long-term borrowings		(1,521)		(2,500)
Net (decrease) / increase in working capital borrowings		(11,203)		(12,032)
Proceeds from other short-term borrowings		-		-
Repayment of unsecured Deferred Sales Tax Loan		(812)		(860)
Finance cost		(2,261)		(3,701)
Dividends paid		-		(901)
Tax on dividend		-		(185)
Lease Repayment		(981)		(585)
<b>Net cash flow (used in) / from financing activities (C)</b>		<b>(15,048)</b>		<b>(7,915)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>1,222</b>		<b>457</b>
Cash and cash equivalents at the beginning of the year		641		184
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
<b>Cash and cash equivalents at the end of the year</b>		<b>1,863</b>		<b>641</b>

Component of cash and cash equivalents	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>Cash and Cash Equivalents</b>		
- Cash on hand	16	46
- Balances in current accounts	650	595
- Other Balance in cash credit account	1,197	-
	<b>1,863</b>	<b>641</b>
<b>Other Bank Balances</b>		
- Margin money deposit against Letter of Credit & Bank Guarantee	5,374	4,642
- Unclaimed dividend accounts	34	34
	<b>5,408</b>	<b>4,676</b>
	<b>7,271</b>	<b>5,317</b>

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH, 2021**

Cash Flow Continued....

**Changes in liabilities arising from financing activities**

Particulars	At the beginning	Cashflows	Fair value changes	Foreign exchange movement	As at the end 31.03.2021
Non-Current Borrowings	17,889	(603)	-	-	17,286
Current Borrowings	14,348	(11,203)	-	-	3,145

**Notes:** i. Figure in bracket indicate cash outflow. ii. The above cash flow statement has been prepared under the indirect method set out in Ind AS 7 specified under section 133 of the company Act 2013. iii. Previous year figure have been regrouped and rearranged where necessary to confirm to the current year's classification.

As per our report of even date as attached

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

**For NSBP & CO.**  
Chartered Accountants  
FRN : 001075N

**PRANAV BHARDWAJ**  
MANAGING DIRECTOR

**K. J. SINGH**  
DIRECTOR

**DEEPAK K AGGARWAL**

**S. K. GUPTA**  
Dy. MANAGING DIRECTOR

**VINITA BAHRI**  
DIRECTOR

Partner

**CA R. MURALIDHAR**  
EXECUTIVE DIRECTOR (FINANCE)

**S. MAHADEVAN**  
CHIEF FINANCIAL OFFICER

M. No. 095541

Nagpur

**ASHUTOSH MISHRA**  
COMPANY SECRETARY

New Delhi

29<sup>th</sup> May, 202129<sup>th</sup> May, 2021**Consolidated Statement of changes in equity for the year ended 31<sup>st</sup> March, 2021****a) Equity share Capital**

Particulars	No. of shares	Amount (₹ in Lakh)
<b>As at 1<sup>st</sup> April, 2019</b>	18,02,19,448	18,022
Changes during the year	-	-
<b>As at 31<sup>st</sup> March, 2020</b>	18,02,19,448	18,022
Changes during the year	-	-
<b>As at 31<sup>st</sup> March, 2021</b>	<b>18,02,19,448</b>	<b>18,022</b>

**b) Other equity**

(₹ in Lakh)

Particulars	Securities premium	Reservs and Surplus			Other comprehensive Income		Total
		General reserve	Retained earnings	Retained earnings of subsidiaries	Remeasurements of the defined benefit plans	Revaluation Surplus	
<b>As at 1<sup>st</sup> April, 2019</b>	3,785	256	71,596	(27)	382	-	75,992
Other comprehensive income for the year	-	-	-	-	140	36,303	36,443
Net Profit of the year	-	-	9,207	(2)	-	-	9,205
Dividend including Dividend Distribution tax (pertaining to FY 2018)	-	-	(1,086)	-	-	-	(1,086)
Transfer to/from retained earnings	-	-	-	(55)	-	-	(55)
<b>As at 31<sup>st</sup> March, 2020</b>	<b>3,785</b>	<b>256</b>	<b>79,717</b>	<b>(84)</b>	<b>522</b>	<b>36,303</b>	<b>1,20,499</b>
Other comprehensive income for the year	-	-	-	-	-	-	-
Net Profit of the year	-	-	14,059	3	68	-	14,130
Additional Depreciation on Revalued assets transferred to retained earnings	-	-	1,249	-	-	(1,249)	-
Addition During the period	-	-	-	634	-	-	634
<b>As at 31<sup>st</sup> March, 2021</b>	<b>3,785</b>	<b>256</b>	<b>95,025</b>	<b>553</b>	<b>590</b>	<b>35,054</b>	<b>1,35,263</b>

**Nature of reserves**

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

As per our report of even date as attached

For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited

**For NSBP & CO.**  
Chartered Accountants  
FRN : 001075N

**PRANAV BHARDWAJ**  
MANAGING DIRECTOR

**K. J. SINGH**  
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**S. MAHADEVAN**  
CHIEF FINANCIAL OFFICER

M. No. 095541

Nagpur

**ASHUTOSH MISHRA**  
COMPANY SECRETARY

New Delhi

29<sup>th</sup> May, 202129<sup>th</sup> May, 2021

**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March, 2021****1. Corporate information**

Sunflag Iron and Steel Company Limited (the 'Company'), including its subsidiaries and joint venture collectively referred to as ("the group") was incorporated in 1984 and is engaged in the business of manufacturing and sale of Special Steel Rolled products. The Company is listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The registered office of the Company is situated at 33, Mount Road, Sadar, Nagpur - 440001, Maharashtra, India.

The details of Subsidiaries and Joint Ventures are as follows :

Subsidiaries	Joint Ventures
Sunflag Power Limited	Daido D.M.S India Private Limited
Khappa Coal Company Private Limited	Ramesh Sunwire Private Limited
Sunflag Foundation (not considered for consolidation as this company is formed for incurring CSR expenses)	C T Mining Private Limited
	Madanpur (North) Coal Company Private Limited

These consolidated financial statements in Indian Rupees (₹) and all value in rounded to the nearest Lakhs (₹ 00,000) except where otherwise indicated.

**2. Significant accounting policies****I. Basis of preparation**

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

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

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

The preparation of the financial statements in conformity with Indian Accounting statement (Ind As) required management to make judgments, estimates and assumptions the affect reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures at the date of the financial statements. The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimate is revised in the revision effects only that period or in the period of the revision and future periods if the revision affects both current and future years and, if material their effects are disclosed in the notes of financial statements. Actual results could vary from these estimates.

The financial statements for the year ended 31<sup>st</sup> March, 2021 were authorized and approved for issue by the Board of Directors on 29<sup>th</sup> May, 2021.

**II. Basis of consolidation**

The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

**Principles of consolidation and equity accounting****Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

**Joint Ventures**

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

**Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

#### **Changes in ownership interests**

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

### **III. Property, plant and equipment**

Plant & Machinery and Buildings are measured by the holding company at fair value less accumulated depreciation on buildings and impairment losses recognised at the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. All other assets viz. Land, Furniture, Vehicles, Equipment, Electrical fittings etc. are stated at original cost net of tax/duty credit availed, less accumulated depreciation and accumulated impairment losses.

A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit and loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred directly to retained earnings.

Property, plant and equipment are recognized at cost net of duty or tax credit availed, if any. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts, rebates & input of GST and other taxes availed, are deducted in arriving at the purchase price. When significant part of the property, plant and equipment are required to be replaced at intervals, the company derecognized the replaced part and recognized the new parts with its own associated useful life and depreciated it accordingly. All other repair and maintenance cost are recognized in the statement of the profit and loss as incurred. Machinery Spares/ Stand by equipments which are used only in connection with Property, plant and equipment and are of material value to the overall value of the asset are capitalized.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will follow to the Company and the costs to the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statement upon sale or retirement of the asset and the resultant gain or losses are recognized in the statement of profit and loss.

Property, plant and equipment eliminated from the financial statement, either on disposal or when retired from the active use. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets is derecognized.

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

### **IV. Current and non-current classification**

The Group presents assets and liabilities in the balance sheet based on current / non-current classification

An asset is treated as current when it is :

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period, or
- Cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at last twelve months after the reporting period.

All other assets are classified as non current.

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

Aliability is treated as current when it is :

- Expected to be settled in normal operating cycle.
- Held primarily for the purpose of trading.
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

#### V. Intangible assets

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

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

#### VI. Depreciation and amortization

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

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

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

Asset Description (As shown in Financials)	Useful life (in years) (As per Financials)	Useful life as per Schedule - II of the Companies Act, 2013 (in years)
<b>Freehold Land</b>		
Freehold Land	20,90,95,100	
<b>Lease Hold Land</b>		
Lease Hold Land	30,95	
<b>Building including roads</b>		
Buildings Factory	30	30
Non Factory Building	58,60	60
Township	60	60
Welfare Buildings	60	60
Office Buildings	10,60	60
Temporary Building	1	3
Boundary Wall & Fencing	5	5
Approach Roads	5,10	10 (RCC) & 5 (Other)
Railway Siding	15	15
<b>Plant and Machinery</b>		
Plant and Machinery	8, 10, 15, 18, 20, 25, 30	-
Electrical fittings	10	10
Computers	3, 6	3,6
Combuster WHRB	40 Years	15 Years
<b>Furniture fixtures and others</b>		
Furniture fixtures and others	8	10
<b>Vehicles</b>		
Light Vehicles	8, 6 10	8
Heavy Vehicles	8	8
<b>Office equipment</b>		
Office equipment	5, 10	5
<b>Development of Mines</b>		
Development of Mines	20, 27, 30	-

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

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

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

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

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

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

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

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

**VIII. Inventories**

Inventories are valued as under :

i	Raw materials & components	At cost weighted moving average method.
ii	Consumables, store & spares	At cost weighted moving average method.
iii	Finished and semi-finished goods	At lower of cost of raw material cost and proportion of manufacturing overheads or net realisable value.
iv	Work in progress	At lower of cost of material, plus appropriate production overheads or net realisable value.
v	Any other saleable products of the manufacturing process are considered as finished goods	At the lower of the estimated net realisable value or cost

Cost represent, cost incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolete, defective inventories are duly provided for and valued at net realisable value.

Cost is calculated on weighted average basis.

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

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

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

**IX. Cash and cash equivalents**

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

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

**X. Leases**

Ind As 116 requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease by lease basis and thereby assesses whether it is reasonable certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future period is reassessed to ensure that the lease term reflects the current economic circumstances. After considering current and future economic conditions, the company has concluded that no changes are required to lease period relating to the existing lease contracts.

**Company as a lessee**

The Company's lease asset classes primarily consist of lease for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.



At the date of commencement of the lease, the Company recognizes a right use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value lease, the Company-recognizes the lease payments as an operating expense on a straight line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated deprecation and impairment losses.

"Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The case payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise and extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows."

#### **The Company as a lessor**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

In calculating the present value of lease payments, the Company uses its existing borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities and Right-of-use assets have been presented as a separate line in the balance sheet. Lease payments have been classified as cash used in financing activities.

#### **Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

### **XI. Employee benefits**

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

#### **a) Long term benefit**

##### **i) Defined benefit plan**

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

##### **ii) Defined contribution plan**

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

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

**b) Short term benefits**

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

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

**XII. Earnings per share**

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

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

**XIII. Provisions, contingent liabilities, contingent assets and commitments****General**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to provision presented in the statement of profit & loss net of any reimbursement.

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

**Mine restoration or assets retirement obligation**

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

**Contingent liability is disclosed in the case of :**

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

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

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

**Onerous contract**

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

**Contingent assets**

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

**XIV. Segment accounting and reporting**

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

The operating segments have been identified on the basis of the nature of products/services.

- i. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- ii. Expenses that are directly identifiable with / allocable to the segments are considered for determining the segment result. Expenses not allocable to segments are included under unallocable expenditure.
- iii. Income not allocable to the segments is included in unallocable income.

- iv. Segment results includes margin or inter segment and sales which are reduced in arriving at the profit before tax of the Group.
- v. Segment assets and Liabilities include those directly identifiable with the respective segments. Assets and liabilities not allocable to any segment are classified under unallocable category.

#### **XV. Investment in subsidiaries, joint ventures & associates**

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

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

#### **XVI. Government grant / assistance**

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

#### **XVII. Taxes**

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

##### **Current income tax**

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

##### **Deferred Tax**

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and the carrying amounts for financial reporting purpose at reporting date.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized.

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

#### **XVIII. Revenue recognition**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from sale of manufactured goods i.e. steel rolled products is recognised in accordance with Ind AS-18 issued by Ministry of Corporate Affairs and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and exuding taxes or duties collected on behalf of the government.

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

##### **a) Sale of goods**

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

Ind AS 115 provides for a five step model for the analysis of Revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration we expect to receive in exchange for those products or services.

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

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

**b) Other operating income**

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

**c) Other income**

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

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

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

**XIX. Foreign currency translation / conversion**

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

**a) Initial recognition**

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

**b) Conversion**

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

**c) Exchange differences**

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

**d) Borrowings**

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

**e) Borrowing costs**

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

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

**XX. Equity shares**

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

**XXI. Financial Instruments****1) Initial recognition**

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

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

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

**b) Financial assets at fair value through other comprehensive income**

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

**c) Financial assets at fair value through profit or loss**

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

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

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

**e) Financial guarantee contracts**

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

**f) Impairment of financial assets**

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

**g) Cash and cash Equivalents**

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

**h) Financial liabilities**

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

**3. De-recognition**

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

**4. Reclassification of financial assets**

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

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

**5. Offsetting of financial instruments**

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

**XXII. Fair value measurement**

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

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

- ★ In the principle market for the asset or liability, or
- ★ In the absence of a principle market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

### **XXIII. Critical accounting estimates, assumptions and judgements**

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

#### **a) Property, plant and equipment**

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

#### **b) Income taxes**

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

#### **c) Contingencies**

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

#### **d) Allowance for uncollected accounts receivable and advances**

Trade receivables do not carry and interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

#### **e) Mine restoration obligation**

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

### **XXII Recent Accounting pronouncement :**

On 24<sup>th</sup> March, 2021 the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1<sup>st</sup> April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are :

#### **Balance Sheets :**

- a. Lease liabilities should be separately disclosed under the head 'financial liabilities, duly distinguished as current or non-current.
- b. Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- c. Specified format for disclosure of shareholding of promoters.
- d. Specified format for ageing schedule of trade receivables, trade payable, capital work-in-progress and intangible asset under development.
- e. If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- f. Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### **Statement of profit and loss :**

- I Additional disclosure relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

**Notes forming part of the Consolidated financial statements for the year ended 31<sup>st</sup> March, 2021**
**3. Property, plant and equipment**

(₹ in Lakh)

Particulars	Tangible Assets - at Cost							Tangible Assets Revalued			Right of use Assets as per Ind AS 116		Total	Capital Work in Progress	
	Freehold Land	Leasehold Land	Railway Siding	Furniture Fixture & others	Vehicles	Office Equipment	Development of Mines	Electrical fittings & Computers	Building including Roads	Plant & Machinery	Leasehold land	Plant & Machinery			
<b>Gross Block</b>															
<b>As at 01.04.2019</b>	369	89	375	227	607	412	2,042	2,022	23,388	1,09,683	-	-	1,39,216	20,162	
Additions	-	-	-	2	-	-	-	4	1,066	9,941	92	6,066	17,167	13,850	
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,753)	
Adjustment of revaluation	-	-	-	-	-	-	-	-	9,215	39,297	-	-	48,512	-	
Gain / (Loss)	-	-	-	-	-	-	-	-	-	(172)	-	-	(179)	-	
Disposals	-	-	-	-	(7)	-	-	-	-	-	-	-	-	-	
<b>As at 31.03.2020</b>	369	89	375	229	600	412	2,042	2,026	33,669	1,58,749	92	6,066	2,04,716	23,259	
Additions	-	-	-	-	63	-	-	2	1,858	9,857	-	212	11,992	5,766	
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,715)	
Adjustment of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain / (Loss)	-	-	-	-	-	-	-	-	(11,660)	(74,447)	-	-	(86,107)	-	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>As at 31.03.2021</b>	369	89	375	229	663	412	2,042	2,028	23,867	94,159	92	6,278	1,30,603	17,310	
<b>Accumulated Depreciation</b>															
<b>As at 01.04.2019</b>	-	29	356	214	328	390	891	1,915	11,114	70,312	-	-	85,549	-	
Charge for the year	-	1	-	1	87	-	102	4	546	3,563	2	316	4,622	-	
Adjustment of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain / (Loss)	-	-	-	-	(7)	-	-	-	-	(99)	-	-	(106)	-	
Depreciation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>As at 31.03.2020</b>	-	30	356	215	408	390	993	1,919	11,660	73,776	2	316	90,065	-	
Charge for the year	-	1	-	1	67	-	101	4	986	5,409	1	450	7,020	-	
Adjustment of revaluation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Gain / (Loss)	-	-	-	-	-	-	-	-	(11,660)	(73,772)	-	-	(85,432)	-	
Depreciation adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>As at 31.03.2021</b>	-	31	356	216	475	390	1,094	1,923	986	5,413	3	766	11,653	-	
Net Block as at 31.03.2020	369	59	19	14	192	22	1,049	107	22,009	84,973	90	5,750	1,14,653	23,259	
<b>Net Block as at 31.03.2021</b>	369	58	19	13	188	22	948	105	22,881	88,746	89	5,512	1,18,950	17,310	

**Notes :**

- Addition to capital work in progress include ₹ 1,218 Lakh finance cost capitalised during the year. (Previous year ₹ 531 Lakh).
- Cost of Leasehold land is amortised over the period i.e. 95 years.
- The Company has adopted the revaluation model as per IND AS-16 for plant and machinery and building as at 31<sup>st</sup> March, 2020 and accordingly the carrying cost and useful life of these assets have been revalued through an independent valuer. Due to revaluation, the Company has charged incremental depreciation for the year ended 31<sup>st</sup> March, 2021 amounting to ₹ 1,667 Lakh.
- During the year the Company has capitalised ESR super alloy project of ₹ 6,722 Lakh.

**Assets under construction**

Capital work in progress incurred as at 31<sup>st</sup> March, 2021 amounting to ₹ 17,310 Lakh (Previous year ₹ 23,259 Lakh) in view of implementation of new projects viz. Continuous Finishing line at Blooming Mill.

**Notes forming part of the Consolidated financial statement for the year ended 31<sup>st</sup> March, 2021****Impairment review**

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

Key assumptions used in value-in-use calculations :

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

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

<b>Capital Work in Progress: #*</b>	<b>(Rs. in Lakh)</b>
<b>Opening as at 01.04.2019</b>	<b>20,162</b>
Additions	
Expenditure made during the year	13,850
Capitalised during the year	(10,753)
<b>As at 31.03.2020</b>	<b>23,259</b>
Expenditure made during the year	5,766
Capitalised during the year	-
<b>As at 31.03.2021</b>	
<b># Pre-operative expenditure included in CWIP expenses</b>	
<b>Carried forward as part of CWIP As at 01.04.2019</b>	<b>713</b>
Additions	
Expenditure made during the year	
I Interest and other processing fees	531
ii. Employee Benefit Expenses	-
Capitalised during the year	-
<b>As at 31.03.2020</b>	<b>1,244</b>
Expenditure made during the year	
I. Interest and other processing fees	1,218
ii. Misc. Expenses	-
<b>Capitalised during the year</b>	<b>(426)</b>
<b>As at 31.03.2021</b>	<b>2,036</b>

\*Refer note no. 47 for information

**4. Non- Current Investments**

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
Investment in equity shares (at cost unquoted & fully paid)	1,769	1,279
Less : Provision for diminution in the value of investments	(169)	(204)
<b>Total</b>	<b>1,600</b>	<b>1,075</b>
Aggregate amount of unquoted investments	1,600	1,075



**Notes forming part of the Consolidated financial statement for the year ended 31<sup>st</sup> March, 2021****Details of Non Trade Investments in equity shares:****Investment in equity instruments (at cost, unquoted & fully paid)**

Name of the Body Corporate	No. of Shares / Units		Extent of Holding (%)		Amount (₹ in Lakh)	
	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
<b>Subsidiaries</b>						
Sunflag Power Limited	49,940	49,940	99.88	99.88	-	-
Khappa Coal Company Private Limited	31,63,500	31,63,500	63.27	63.27	-	-
Sunflag Foundation	10,000	10,000	100.00	100.00	1	1
Diminution in the value of investment					-	-
<b>Joint Ventures</b>						
Madanpur (North) Coal Co. Private Limited	12,10,188	12,10,188	11.73	11.73	110	110
C T Mining Private Limited	31,80,000	31,80,000	31.80	31.80	318	318
Daido D.M.S. India Private Limited	36,00,000	36,00,000	17.56	17.56	360	360
Ramesh Sunwire Private Limited	98,00,000	49,00,000	49.00	49.00	980	490
Diminution in the value of investment					(169)	(204)
<b>Others</b>						
India Bulls CSEB Bhaiyathan Power Limited	74	74	-	-	-	-
<b>Total</b>					<b>1,600</b>	<b>1,075</b>
<b>Additional Information :</b>						
Aggregate amount of quoted investments					-	-
Market value of quoted investments					-	-
Aggregate amount of unquoted investments					1,769	1,279
Aggregate amount of impairment in value of investments					(169)	(204)

During the previous year Company acquired a 49% stake Ramesh Sunwire (P) Ltd on 18<sup>th</sup> March 2017

Carrying amounts of investments have been adjusted to reflect losses incurred at Joint Ventures and Associates.

Pursuant to the Supreme Court Order dated 24<sup>th</sup> September, 2014, the Coal Block allocated to the Company with other Shareholders / Joint Venture partners in the names of Khappa Coal Company Private Limited Madanpur (North) Coal Company Private Limited and CT Mining Private Limited, stands cancelled. Subsequent to the cancellation of previous allocation, the Government of India, Ministry of Law and Justice (Legislative Department) has promulgated the Coal Mines (Special Provisions) Act, 2015 for implementing the order of Supreme Court and fixation of compensation etc. to the prior allottees. But the process of re-allotment and crystallization of compensation amount in respect of the above Company's mines, is pending, as the re-auctioning process of these mines are not yet completed. In view of aforesaid, the Company has recognized Rs. 551 Lakhs during the current year (provided upto previous year ₹ 150) towards diminution in the value of the investments made in the Subsidiaries and Joint Venture Companies.

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>5. Bank Balances (non current)</b>		
Earmarked escrow account for mine restoration obligation	116	94
<b>Total</b>	<b>116</b>	<b>94</b>
<b>6. Non- Current loans (unsecured)</b>		
Security deposits	1,299	1,398
Loans and advances to related parties (Refer Note No. 41)	28	34
	<b>1,327</b>	<b>1,432</b>
<b>6A. Other non-current assets</b>		
Capital advances	5,507	2,790
Non current Trade Advance (Refer Note No. 39)	3,324	3,324
<b>Total</b>	<b>8,831</b>	<b>6,114</b>

**Notes forming part of the Consolidated financial statement for the year ended 31<sup>st</sup> March, 2021**

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>7. Inventories (As taken, valued and certified by the management)</b> (Refer note below)		
<b>Raw materials and components</b>		
on hand	26,458	17,708
Goods-in transit (raw material)	5	5
Work-in-progress	12,332	17,685
Finished goods	11,133	17,639
- Goods in transit	648	-
Consumables, stores and spares	3,804	3,240
<b>Total</b>	<b>54,380</b>	<b>56,277</b>
<b>Note -</b>		
i Value at lower of cost and net realisable value, otherwise stated.		
ii. Inventories are hypothecated to banks against working capital loans (Refer Note No. 20)		
<b>8. Trade receivables</b> (Refer note below)		
Secured, considered good	-	-
Unsecured, considered good	21,022	22,164
Unsecured, credit impaired	1,469	1,061
	<u>22,491</u>	<u>23,225</u>
Less: Provision for expected credit loss	<u>(1,469)</u>	<u>(1,061)</u>
	<u>21,022</u>	<u>22,164</u>
Note : Trade receivables are hypothecated to bank against working capital loans refer note No. 20. Further trade receivables are non interest bearing and receivable in normal operating cycle.		
<b>9. Cash and cash equivalents</b>		
Cash on hand	16	46
Balances with banks in current accounts	650	595
Debit balance of CC accounts	1,197	-
<b>Total</b>	<b>1,863</b>	<b>641</b>
<b>9A. Bank balances other than above</b>		
Margin money deposit against Letter of Credit & Bank Guarantees	5,374	4,642
Earmarked balance for Unclaimed dividend #	34	34
<b>Total</b>	<b>5,408</b>	<b>4,676</b>
<b>Total</b>	<b>7,271</b>	<b>5,317</b>
# During the year NIL (Previous year NIL) amount has been transferred to Investor Education Protection Fund).		
<b>10. Others - current financial assets</b>		
Accruals - Interest accrued on deposits	102	105
Loans & advances to employees	3	107
Export incentives receivable	-	9
Claims receivables	35	7
Others	-	2
<b>Total</b>	<b>140</b>	<b>230</b>
<b>11. Income tax assets (net)</b>		
Advance Tax (Net of Provision)	-	316
<b>Total</b>	<b>-</b>	<b>316</b>
<b>12. Other current assets</b>		
Advance to vendors	5,437	5,955
Prepaid Expenses	579	526
Balances with Statutory / Govt Authorities #	2,877	3,473
<b>Total</b>	<b>8,893</b>	<b>9,954</b>

# includes Mega Project incentive receivable and duty paid under protest of ₹ 177 Lakh (Previous year ₹ 177 Lakh)

**13. Equity Share capital**

(₹ in Lakh)

Particulars	As at 31.03.2021		As at 31.03.2020	
	Number	Amount	Number	Amount
<b>Authorised</b>				
Equity Shares of ₹ 10/- each	20,50,00,000	20,500	20,50,00,000	20,500
<b>Total</b>	<b>20,50,00,000</b>	<b>20,500</b>	<b>20,50,00,000</b>	<b>20,500</b>
<b>Subscribed, issued &amp; fully paid up</b>				
Equity shares of ₹ 10/- each	18,02,19,448	18,022	18,02,19,448	18,022
<b>Total</b>	<b>18,02,19,448</b>	<b>18,022</b>	<b>18,02,19,448</b>	<b>18,022</b>

**a) Terms/ Voting Rights attached to the Equity Shares**

(i) The Company has one class of equity shares having a face value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. (ii) In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion of the number of the Equity shares held by the Shareholders.

**b) Reconciliation of the number of shares outstanding**

Movement of Shares	As at 31.03.2021	As at 31.03.2020
<b>Opening number of shares issued</b>	<b>18,02,19,448</b>	18,02,19,448
Shares issued during the year	-	-
Shares bought back during the year	-	-
<b>Closing number of shares issued</b>	<b>18,02,19,448</b>	<b>18,02,19,448</b>

**c) Details of shareholders holding more than 5% shares in the company**

Name of shareholder	As at 31.03.2021		As at 31.03.2020	
	Number of shares	% Holding	Number of shares	% Holding
Sunflag Limited, Channel Islands, UK	6,52,53,582	36.21%	6,52,53,582	36.21%
Daido Steel Co. Ltd., Japan	1,80,21,945	10.00%	1,80,21,945	10.00%
Mr. Suhrit Ravi Bhushan Bhardwaj	1,32,17,398	7.33%	1,32,17,398	7.33%

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

d) Aggregate number of bonus share or share for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date are "NIL".

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>14. Other equity</b>		
Securities premium	3,785	3,785
General reserve	256	256
Retained earnings	95,025	79,717
<b>Other Comprehensive Income/(Loss)</b>		
Revaluation Surplus	35,054	36,303
Remeasurements of the defined benefit plans	590	522
<b>Total</b>	<b>1,34,710</b>	<b>1,20,583</b>
<b>15. Non current borrowings</b>		
<b>i. Secured</b>		
a) Term loans - from banks	14,636	14,538
Less : Current maturities of long-term debt (refer note 22)	(3,687)	(5,147)
<b>Total (i)</b>	<b>10,949</b>	<b>9,391</b>
<b>ii. Unsecured</b>		
a) Unsecured loan from promoters (interest free)	1,375	1,375
b) Unsecured loan from others (interest free)	428	428
c) Others		
- Interest free Sales Tax loan	1,275	1,976
Less : Current maturities of long-term debt (refer note 22)	(648)	(812)
<b>Total (ii)</b>	<b>2,430</b>	<b>2,967</b>
<b>Total (i+ii)</b>	<b>13,379</b>	<b>12,358</b>

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

ii. a. Term loan of ₹ 7,500 Lakh (outstanding ₹ 632 Lakh) (previous year ₹ 2,084 Lakh) borrowed from State Bank of India is further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.

b. Other Term loan availed during the year :

(₹ in Lakh)

S.N.	Bank Name	Sanctioned Amount	Availed / Outstanding 31.03.2021	Availed / Outstanding 31.03.2020
1.	State Bank of India	15,000	7,423	6,139
2.	Canara Bank	10,000	3,784	3,518
3.	Axis Bank	6,500	2,797	2,797
	<b>Total</b>	<b>31,500</b>	<b>14,004</b>	<b>12,454</b>

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

iv. The Unsecured loans comprising term loans given by Promoters are interest free. There is no stipulation as to the repayment hence there is no default which has occurred in repayment during the year.

v. The Unsecured loans comprising Interest free Sales Tax Loan are valued on NPV basis. Actual liability is ₹ 1,275 lakh (previous year ₹ 1,976 lakh). The repayment of the sales tax loan is made as per the schedule and no default has occurred in repayment during the period.

(₹ in Lakh)

Maturity Profile	0-1 year	1 - 2 year	2 - 3 years	3 - 4 years	Beyond 4 years
Term loan from banks (as per Original Terms)#	3,687	5,250	5,250	5,250	12,063
Unsecured Interest Free Sales Tax Loan##	648	462	165	-	-

# The management have reviewed the status of expansion projects and in view of delay in arrival or equipment, original date of commissioning may be delayed. In view of delay in commissioning of these projects, the company has received approval for extension in commissioning of project and repayment of the period of one year ( the repayment of new term loans to start from September 2020 as per the original terms of sanction.) Accordingly, these new loans start from September 2021. The maturity profile shown above are as per original sanction terms and including undrawn loan.

## Figure given are including unwinding of interest as per Ind AS

16. Other non - current financial liabilities	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>a) Lease Liability</b>		
Lease Liability Ind AS 116	5,975	6,000
Less : Lease Liability - Current Maturity	(254)	(230)
	<u>5,721</u>	<u>5,770</u>
<b>b) Other financial liabilities</b>		
Payables for capital goods	1,388	1,753
Security Deposits	137	162
<b>Total</b>	<u>1,525</u>	<u>1,915</u>
	<u>7,246</u>	<u>7,685</u>
<b>17. Non - current provisions</b>		
Provision for employee benefits	718	683
Provision for contingencies (refer below mention note)	3,192	3,797
	<u>3,910</u>	<u>4,480</u>

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

Particulars	Labour and other dues			Mine Restoration Obligation			Total		
	2021	2020	2019	2021	2020	2019	2021	2020	2019
<b>Opening Balance</b>	1,519	1,519	1,519	1,673	2,278	2,266	3,192	3,797	3,785
Provision/(Reversal) during the year	-	-	-	-	(618)	-	(618)	-	-
Remeasurement losses accounted in OCI	-	-	-	-	-	-	-	-	-
Payment during the year	-	-	-	-	-	-	-	-	-
Interest Charge for the year	-	-	-	-	13	12	-	13	12
<b>Closing Balance</b>	<u>1,519</u>	<u>1,519</u>	<u>1,519</u>	<u>1,673</u>	<u>1,673</u>	<u>2,278</u>	<u>3,192</u>	<u>3,192</u>	<u>3,797</u>

18. Deferred tax liabilities

Particulars	Balances as on 31.03.2021	Charge/Credit during the year	Balances as on 31.03.2020
<b>Deferred Tax Liabilities on</b>			
Tax on account of timing difference between book value of depreciable assets as per books of account and written down value as per Income tax Act, 1961	6,542	(354)	6,896
Revaluation Gain	11,791	(419)	12,210
	<u>18,333</u>	<u>(773)</u>	<u>19,106</u>
<b>Deferred Tax Asset on</b>			
Lease asset	(1,530)	(60)	(1,470)
Lease liability	1,504	(6)	1,510
Expensed Disallowed	1,107	285	822
	<u>1,081</u>	<u>219</u>	<u>862</u>
<b>Net Deferred Tax Liability (Current Year)</b>	<u>17,252</u>	<u>(992)</u>	<u>18,244</u>
Net Deferred Tax Liability (Previous year)	18,244	10,042	8,202

Note : Deferred tax asset considered in Statement of Profit & Loss is sum of Deferred tax Asset due to change in tax rate in the opening balance of ₹ 2,506 Lakh and netted off with liability of ₹ 338 Lakh.

	Year ended 31.03.2021 (₹ in Lakh)	Year ended 31.03.2020 (₹ in Lakh)
<b>Tax Expenses :</b>		
a) Current Tax expenses for the year	4,772	2,345
b) Deferred Tax	(992)	(2,168)
<b>Total</b>	<b>3,780</b>	<b>177</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31.03.2021 and 31.03.2020 :</b>		
Accounting profit before tax	16,535	9,438
Applicable tax rate	25.168%	25.168%
Computed tax	4,161	2,375
Adjustments - Less : Revaluation Gain	(419)	-
Permanent disallowance	78	100
Due to change in tax rate	-	(2,294)
Less : Others	(40)	(3)
<b>Current Tax expenses for the year</b>	<b>3,780</b>	<b>178</b>
	<b>As at 31.03.2021</b>	<b>As at 31.03.2020</b>
	<b>(₹ in Lakh)</b>	<b>(₹ in Lakh)</b>
<b>19. Other non - current liabilities</b>		
Government grant	60	173
<b>Total</b>	<b>60</b>	<b>173</b>
<b>20. Current financial liabilities - Borrowings</b>		
<b>Secured</b>		
<b>Loans repayable on demand</b>		
Borrowings for working capital from banks	-	10,583
<b>Unsecured</b>		
Customer bills discounted	3,146	3,765
<b>Total</b>	<b>3,146</b>	<b>14,348</b>
i. Working capital borrowings are secured by way of hypothecation of Inventories and book debts and further secured by way of second charge ranking <i>pari passu</i> over the fixed assets situated at Village Warthi, District Bhandara both present and future, subject to prior charges created by the Company in favour of banks for securing term loan. Working capital borrowings are secured by the personal guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.		
ii. Interest on working capital loan from Banks are charged at respective bank's MCLR plus 50 -100 bps.		
iii. Outstanding under Customer bills discounted are supported by Letter of credit issued by the respective customers. Further the bills are discounted after receipt of acceptance from applicant's Bank.		
iv. The outstanding balance for working capital shown above is net of credit balance in cash credit account with banks.		
<b>21. Current financial liabilities - Trade payables</b>		
a) Total outstanding dues of Micro Enterprises and Small Enterprises	810	1,366
b) Others		
i) Acceptances	1,852	8,405
ii) Other than acceptances	24,814	21,698
<b>Total (a+b)</b>	<b>26,666</b>	<b>30,103</b>
	<b>27,476</b>	<b>31,469</b>

There are certain amounts outstanding beyond the agreed period to Micro and Small Enterprises as required by MSMED Act, 2006 as on the Balance Sheet date due to the dispute with these Enterprises, to the extent such Enterprises have been identified based on information available with the Company. However, since the amount is disputed, the management is of the view that no interest liability will arise on the Company.

i. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	810	1,366
ii. The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
iv. The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
	<b>810</b>	<b>1,366</b>

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Moreover the Company is in the process of updating its suppliers data, as to the status as a Micro, Small & Medium Enterprise with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro, Small & Medium Enterprises Development Act, 2006.

	As at 31.03.2021 (₹ in Lakh)	As at 31.03.2020 (₹ in Lakh)
<b>22. Other current financial liabilities</b>		
Current maturities of long-term debt		
i) Term loan from banks	3,687	5,147
ii) Unsecured Interest free Sales Tax Loan	648	812
Interest accrued but not due on long term borrowings	73	91
Unclaimed dividends ##	34	34
Discounts	629	973
Managerial commission	440	179
Salary & Reimbursements	1,871	1,353
Advances received from Customers	2,106	995
Capital Creditors	243	436
Others	2,350	2,350
<b>Total</b>	<b>12,081</b>	<b>12,370</b>
## There are no amounts due and outstanding to be credited to the Investor Education and Protection fund		
<b>23. Other Current Liabilities</b>		
a) Government grant	113	159
b) Others		
Statutory dues payable	264	238
Others	624	464
	<b>1,001</b>	<b>861</b>
<b>24. Current Tax Liabilities (net)</b>		
Income tax liabilities (net)	598	-
	<b>598</b>	<b>-</b>
		For the Year ended
	31.03.2021 (₹ in Lakh)	31.03.2020 (₹ in Lakh)
<b>25. Revenue From Operations</b>		
Sale of manufactured goods	1,92,152	1,82,247
Less : Discounts	(3,094)	(6,817)
<b>Sub Total</b>	<b>1,89,058</b>	<b>1,75,430</b>
<b>Other operating income</b>		
Conversion charges received	69	238
Duty drawback & export incentives	28	144
<b>Sub Total</b>	<b>97</b>	<b>382</b>
<b>Total revenue from operations</b>	<b>1,89,155</b>	<b>1,75,812</b>
<b>26. Other Income</b>		
Interest Income	597	656
Insurance claims	295	204
Amortization of government grant	159	199
Gain on foreign exchange fluctuation (Net)	-	12
Others	47	51
<b>Total</b>	<b>1,098</b>	<b>1,122</b>
<b>27. a) Cost of raw material &amp; components consumed</b>		
Inventory at the beginning of the year	20,952	18,711
Add : Purchases during the year	1,19,076	1,08,954
Less: Inventory at the end of the year	(30,267)	(20,952)
<b>Total raw material &amp; components consumption (a)</b>	<b>1,09,761</b>	<b>1,06,713</b>
<b>Details of raw material &amp; components consumed</b>		
Iron ore & iron ore fines	21,211	15,329
Coal & coal fines (Net of Consumption of Coal from Captive Mines)	8,175	6,676
Coke	37,913	37,304
Sponge iron	-	-
Scrap & HBI	4,141	3,735
Ferro alloys	16,205	17,218
Fluxes, minerals & additives	6,916	5,889
Electrodes	1,364	1,572
Others	13,836	18,990
<b>Total</b>	<b>1,09,761</b>	<b>1,06,713</b>
<b>b) Other Manufacturing Expenses</b>		
Consumption of fuel	3,079	4,264
Consumption of power (Net of captive consumption)	10,205	7,488
Coal mine freight and other expenses	2,534	8,241
Contract expenses	7,515	11,261
<b>Total Other Manufacturing Expenses (b)</b>	<b>23,333</b>	<b>31,254</b>
<b>Total Expenses (a+b)</b>	<b>1,33,094</b>	<b>1,37,967</b>

	For the year ended	
	31.03.2021 (₹ in Lakh)	31.03.2020 (₹ in Lakh)
<b>Details of Inventory Raw Material &amp; Components</b>		
Iron Ore & Iron Ore Fines	7,945	9,014
Coal & Coal Fines	1,971	1,448
Coking Coal	5,268	-
Coke	4,496	2,596
Scrap & HBI	1,421	130
Ferro Alloys	2,856	2,155
Fluxes, Minerals & Additives	682	-
Electrodes	509	-
Goods in Transit	5	5
Others	5,114	4,273
<b>Total</b>	<b>30,267</b>	<b>20,952</b>
<b>28. Changes in inventories of finished goods and work-in-progress</b>		
<b>a. Inventories at the end of the year</b>		
Finished goods	11,781	17,639
Work-in-progress	12,332	17,685
<b>Total (a)</b>	<b>24,113</b>	<b>35,324</b>
<b>b. Inventories at the beginning of the year</b>		
Finished goods	17,639	18,077
Work-in-progress	17,685	18,429
<b>Total (b)</b>	<b>35,324</b>	<b>36,506</b>
<b>Net (increase) / decrease</b>	<b>Total (b-a)</b>	<b>1,182</b>
<b>29. Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	7,814	7,981
Contribution to Provident and other Funds	686	947
Staff Welfare Expenses	678	666
Remeasurements of the defined benefit plans (Gratuity)	68	140
<b>Total</b>	<b>9,246</b>	<b>9,734</b>
<b>30. Finance Cost</b>		
Interest on term loans	1,429	878
Interest Capitalised	(1,218)	(531)
Interest on term loans net	211	347
Interest on working capital loans	1,029	1,768
Interest on bills discounted	162	300
Other borrowing costs	736	1,100
Unwinding of interest	13	12
Interest on Incremental Liabilities of Deferred Sales Tax as per IND AS	111	171
Interest on Lease Liability (Ind AS 116) (Refer note No. 37)	606	427
<b>Total</b>	<b>2,868</b>	<b>4,125</b>
<b>31. Depreciation and amortization expense</b>		
Depreciation and amortization of Property, Plant & Equipment	6,569	4,304
Depreciation of Right to Use Assets (Refer Note No. 37)	451	318
<b>Total</b>	<b>7,020</b>	<b>4,622</b>
<b>32. Other Expenses</b>		
<b>32.1 Other Expenses</b>		
Freight & forwarding (Net)	6,498	5,615
Travelling expenses	134	463
Insurance charges	556	257
Rent, rates and taxes	93	265
Repairs & maintenance	122	165
Printing & stationary	20	39
Directors' sitting fee	6	9
Postage & telephones	66	96
Corporate social responsibility (Refer Note No. 46)	310	304
Admin Expenses	683	844
Legal & professional expenses (Refer Note No. 32.2 below)	827	1,251
Exchange fluctuation Loss (net)	136	-
Commission	276	164
Bad debts written-off	-	-
Provision for doubtful debts	408	80
Others	144	314
<b>Total</b>	<b>10,279</b>	<b>9,866</b>

	For the year ended	
	31.03.2021 (₹ in Lakh)	31.03.2020 (₹ in Lakh)
<b>32.2 Payments to Auditor</b>		
Statutory Audit fees	15	17
Limited Review fees	5	-
<b>Total</b>	<b>20</b>	<b>17</b>

**33. Earnings Per Share****Basic Earnings per Share**

## Continuing Operations

	₹ in lakh		
Profit / (Loss) after Tax	14,062		9,207
Weighted Average shares outstanding at the end of year	18,02,19,448	Number	18,02,19,448
Number of Shares outstanding at the end of year	18,02,19,448	Number	18,02,19,448
Basic and diluted Earnings ₹ per equity share	7.80	Rupees	5.11

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

**34. Contingent liabilities and commitments (to the extent not provided for)**

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>i) Contingent liabilities</b>		
a) Unexpired letter of credit	13,536	2,558
b) Guarantees issued by Company's bankers on behalf of the Company	2,896	8,213
c) Excise duty & custom duty against which company has preferred an appeal	1,021	528
d) Income Tax Liability	132	249
e) Other Legal cases filed against the company	16	26
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for	24,558	18,617
Note : Interest liabilities may arise on above contingent liabilities		

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

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

(₹ in Lakh)

Name of the party	Relationship	Amount outstanding as at		Maximum balance outstanding during	
		31.03.2021	31.03.2020	31.03.2021	31.03.2020
Khappa Coal Company Private Limited	Subsidiary	737	737	737	737
Sunflag Power Limited	Subsidiary	1,028	1,023	1,028	1,023

Refer Note No. 41(v) for other details.

**36. Segment information**

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

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

(₹ in Lakh)

Particulars	Year ended 31 <sup>st</sup> March 2021		Year ended 31 <sup>st</sup> March 2020	
	Domestic	Foreign	Domestic	Foreign
<b>Revenues from sale of products to external customers</b>	<b>1,87,105</b>	<b>2,050</b>	1,72,953	2,859
There is no single customer who has contributed 10% or more to the company's revenue for both the year ended 31 <sup>st</sup> March, 2021 and 31 <sup>st</sup> March, 2020.				
<b>Non - Current Assets :</b>				
Property, Plant and Equipment	1,13,349	-	1,08,813	-
Right of Use Assets	5,601	-	5,840	-
Capital work in progress	17,311	-	23,259	-
Other non current assets	8,831	-	6,114	-

Note : There are no non-current assets located outside India



**37. Lease (Ind AS 116 Disclosure)**

(₹ in Lakh)

Set out below are the carrying amounts of lease liabilities and the movements during the year.

	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>Opening Balance</b>	<b>6,000</b>	-
Acquisition	212	6,158
Deletions	-	-
Accretion of interest	606	427
Payments	844	585
<b>Closing balance</b>	<b>5,974</b>	<b>6,000</b>
Non-current	5,721	5,770
current	254	230

The effective interest rate of lease liabilities is 9.85%, with maturity between 2020-2083

**The following are the amounts recognised in profit & loss :**

Amortisation expense of right of use assets	451	318
Interest expense on lease liabilities	606	427
Expense relating to leases of short-term / low value assets (included in other expenses)	-	-
<b>Total amount recognised in statement of profit &amp; loss</b>	<b>1,057</b>	<b>745</b>

**Amounts recognised in statement of cash flows :**

<b>Financing activities</b>		
Repayment of principal	238	158
Repayment of interest	606	427
<b>Operating activities</b>		
Short term / low value assets lease payment	-	-
<b>Total cash outflow for leases</b>	<b>844</b>	<b>585</b>

Minimum lease amount are not separately disclosed as the same is not material.

**38. Capital management**

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

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

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

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
Long term borrowing	13,379	12,358
Short term borrowing	3,146	14,348
Current maturities of long-term debt	4,335	5,959
Less : Cash and bank balance	(7,271)	(5,317)
<b>Net debt</b>	<b>13,589</b>	<b>27,348</b>
Equity	1,53,437	1,38,667
<b>Capital and net debt</b>	<b>167,026</b>	<b>1,66,015</b>
<b>Gearing ratio</b>	<b>8%</b>	<b>16%</b>

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

No changes were made in the objectives policies or processes for managing capital during the years ended 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020.

**39.** Company has given a long term advance in the earlier year aggregating of ₹ 3,324 Lakh to one of the supplier of the minerals but due to security issues there are no movement of the goods done till date. However, based on the management's estimate this contract is having a good potential savings to the Company in terms of availability of the minerals at a very competitive price, hence no provision for the same has been created by the Company against the said advances.

**40. Employees benefit plans**

1) Employees Provident Fund, the Company has made good the shortfall of interest on fund ₹ 18 Lakh. (Previous Year deficit ₹ 21 Lakh). Further the following table sets out for the Employee Benefits plan as required under IndAS 19

(₹ in Lakh)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>Statement showing changes in Present Value of obligation :</b>						
Present value of obligations at the beginning of the year	2,574	2,155	7,539	6,995	2,587	2,430
Interest Cost	181	163	622	588	129	187
Current Service Cost	141	506	825	920	191	234
Benefits paid	(289)	(249)	(1,023)	(964)	(506)	(264)
Actuarial Loss on Obligations	-	-	-	-	-	-
Present value of obligations as at the end of the year	2,608	2,574	7,962	7,539	2,400	2,587
<b>Table showing changes in the fair value of Plan Assets :</b>						
Fair value of Plan Assets at the beginning of year	2,574	2,155	7,539	6,995	2,587	2,430
Expected return on Plan Assets	181	163	603	568	129	187
Contributions	141	506	825	920	191	234
Benefits paid	289	249	(1,023)	(964)	(506)	(264)
Actuarial Gain / (Loss) on Plan Assets	(577)	(498)	-	-	-	-
Fair value of Plan Assets at the end of the year	2,608	2,574	7,944	7,518	2,400	2,587
Funded Status	-	-	18	21	-	-
Excess of Actual over estimated return on Plan Assets	-	-	-	-	-	-
<b>Actuarial Gain / (Loss) recognised :</b>						
Actuarial Loss for the year - Obligation	-	-	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	-	-	-	-	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	-	-	-	-	-	-
<b>Amounts to be recognised in the Balance Sheet :</b>						
Present value of obligations as at the end of the year	2,608	2,574	7,963	6,995	2,400	2,397
Fair value of Plan Assets as at the end of the year	2,608	2,574	7,944	7,001	2,400	2,397
Funded Status	-	-	(19)	6	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	-	-	19	(6)	-	-
<b>Expenses Recognised in the statement of Profit and Loss :</b>						
Current Service Cost	141	506	622	588	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	603	567	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	-	-	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	141	506	(19)	(20)	-	-
<b>Actuarial Assumptions :</b>						
Discount Rate	7.80%	7.80%	8.50%	8.55%	-	-
Salary Escalation	5.00%	5.00%	5.00%	5.00%	-	-
<b>Investment Details :</b>						
GOI Securities	-	-	27%	29%	-	-
State Government Securities	-	-	36%	33%	-	-
Approved Marketable Securities	-	-	0%	0%	-	-
Bonds / Debentures etc.	-	-	33%	34%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	4%	4%	-	-
<b>Total</b>	-	-	<b>100%</b>	<b>100%</b>	-	-

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

**41. Related Party Disclosure (as identified by the Management)**

In accordance with the requirements of IND AS-24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reporting periods.

**Related Party Name and Relationship**
**i) Key Management Personnel**

(₹ in Lakh)

Name	Designation	Account	Transactions year ended		Outstanding As at	
			31.03.2021	31.03.2020	31.03.2021	31.03.2020
Mr. Ravi Bhushan Bhardwaj	Non Executive Chairman	Commission	84	51	35	69
Mr. Pranav Bhardwaj	Managing Director	Remuneration & Commission	500	368	17	110
Mr. Surendra Kumar Gupta	Deputy Managing Director	Remuneration	100	109	-	-
Mr. R. Muralidhar	Executive Director (Finance)	Remuneration	80	93	-	-
Mr. Ramchandra V. Dalvi	Executive Director(Works)	Remuneration	69	75	-	-
Mr. S. Mahadevan (w.e.f. 01.10.2019)	Chief Financial Officer	Remuneration	43	20	-	-
Mr. Ashutosh Mishra	Company Secretary	Remuneration	26	30	-	-
Dr. E.R.C. Shekhar	Non Executive, Independent Director	Commission & Sitting Fees	3.93	4.72	-	-
Mr. Kumar Jitendra Singh	Non Executive, Independent Director	Commission & Sitting Fees	3.72	4.23	-	-
Mr. Jayesh Parmar	Non Executive, Independent Director	Commission & Sitting Fees	-	1.73	-	-
Mr. S. Gajendran	Non Executive, Independent Director	Commission & Sitting Fees	-	0.87	-	-
Mrs. Neelam Kothari	Non Executive, Independent Director	Commission & Sitting Fees	3.22	3.52	-	-
Mr. Rooshad Patel	Non Executive, Independent Director	Commission & Sitting Fees	-	2.20	-	-
Mr. Anand Kapre	Non Executive, Independent Director	Commission & Sitting Fees	2.80	1.45	-	-
Mrs. Vinita Bahri	Non Executive, Independent Director	Commission & Sitting Fees	2.80	0.26	-	-
Mr. Sajiv Dhawan	Non Executive, Independent Director	Commission & Sitting Fees	3.02	1.85	-	-

Note :- Directors remuneration includes post employment benefits, PF and other contributions.

**ii) Subsidiaries**

Particulars	Shareholding as on 31.03.2021	Account	Transactions year ended		Outstanding As at	
			31.03.2021	31.03.2020	31.03.2021	31.03.2020
Khappa Coal Company Private Limited	63.27%	Advance Paid	-	-	-	-
Sunflag Foundation	100%	Share Capital	-	-	1	1
Sunflag Foundation		CSR Expenses	310	304	-	-

Interest on advances to Subsidiaries charged @ 9% p.a. However, as these Companies are not commercially operational the same has been waived off since the chances of recovery is remote.

**iii) Joint Ventures**

Daido D.M.S. India Private Limited	17.56%	Share Capital	-	-	360	360
Ramesh Sunwire Private Limited		Share Capital	490	270	980	490
Ramesh Sunwire Private Limited	49.00%	Sale of goods	1,763	1,245	491	754
Ramesh Sunwire Private Limited		Purchase of goods	-	32	-	(11)
CT Mining Private Limited	31.80%	Share Capital	-	-	295	295
Madanpur (North) Coal Co. Pvt. Ltd.	11.73%	Share Capital	-	-	110	110

Note : Sales/Purchase figures given are inclusive of taxes.

**iv) Entries over which KMPs have significant influence**

Haryana Televisions Limited	Relationship through KMP	Rent	47	57	-	-
Haryana Televisions Limited	Relationship through KMP	Security Deposit	-	-	28	28

**v) Disclosure required by Companies Act, 2013**

a) Particulars of guarantee given : The Company have not given guarantee to its subsidiaries/Joint Venture Companies.

b) Particulars of Security Deposit

Nil

**42. Interest In Joint Ventures**

The Company has interests in the following jointly controlled entities:

Name of Companies and country of incorporation	% of shareholding	Amount of Interest based on accounts for the year ended 31.03.2021					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Daido D.M.S. India Private Limited	17.56 (17.56)	344 (364)	344 (364)	185 (171)	198 (211)	- -	- -
Madanpur (North) Coal Company Private Limited / India #	11.73 (11.73)	110 (110)	110 (110)	3 (3)	14 (14)	389 (389)	- -
Ramesh Sunwire Private Limited	49.00 (49.00)	2,031 (2,067)	2,031 (2,067)	1,245 (808)	1,202 (816)	- -	- -
C T Mining Private Limited	31.80 (31.80)	319 (315)	319 -	8 -	3 -	- -	- -

Note : Figures in brackets relate to the previous year.

# Financials of Madanpur (North) Coal Co. Pvt. Ltd. are not available till the date of signing of these financials. Provision for investment has already been provided, hence the figures relating to MNCPL are not changed.

**43. Fair value hierarchy**

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

**Financial Assets**

(₹ in Lakh)

Particulars	Fair value hierarchy	As at 31.03.2021		As at 31.03.2020	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets designated at fair value through profit and loss</b>					
Non current financial asset - Investments	Level-3	1,600	1,600	1,075	1,075
<b>Financial assets designated at fair value through other comprehensive income</b>					
<b>Financial assets designated at amortised cost</b>					
Non current financial asset - Bank	Level-2	116	116	94	94
Non current financial asset - Loans	Level-3	1,327	1,327	1,432	1,432
Current financial asset - Trade receivables	Level-3	21,022	21,022	22,164	22,164
Current financial asset - Cash and cash equivalents	Level-2	1,863	1,863	641	641
Financial Asset - Bank balances other than above	Level-2	5,408	5,408	4,676	4,676
<b>Total</b>		<b>31,336</b>	<b>31,336</b>	<b>30,082</b>	<b>30,082</b>

**Financial Liabilities :**

<b>Financial liability designated at amortised cost</b>					
Non current financial liabilities - Borrowings	Level-2	10,949	10,949	9,391	9,391
Non current financial liabilities - Other	Level-3	3,955	3,955	4,882	4,882
Current financial liabilities - Borrowings	Level-2	6,906	6,906	19,586	19,586
Current financial liabilities - Other	Level-3	8,321	8,321	7,132	7,132

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

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

The fair values of derivatives are on MTM as per Bank.

Company has opted to fair value its Long term and Current investments through profit & loss.

Company has adopted effective rate of interest for calculating Interest. This has been calculated as the weighted average of effective interest rates calculated for each loan. In addition processing fees and transaction cost relating to each loan has also been considered for calculating effective interest rate.

**Fair value hierarchy**

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

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

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

**44. Financial Risk Management**
**Financial risk factors**

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

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

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

#### i) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk : currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31<sup>st</sup> March, 2021 and 31<sup>st</sup> March, 2020.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regards to interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total loan portfolio. The company's borrowings have been contracted at floating rates of interest. Accordingly, carrying value of such borrowings (including interest accrued but not due) which approximates fair value.

##### Interest rate sensitivity

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

(₹ in Lakh)

Increase / (decrease) in interest rate		Effect on profit before tax	
As at 31.03.2021	As at 31.03.2020	As at 31.03.2021	As at 31.03.2020
0.50%	0.50%	(7.01)	(12.08)
- 0.50%	- 0.50%	7.01	12.08

##### Foreign currency risk

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

Currency	As at 31.03.2021		As at 31.03.2020	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
EUR	2	(2)	2	(2)
GBP	-	-	-	-
SEK	1	(1)	-	-
USD	(61)	(61)	-	-

#### ii) Credit risk

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

##### Trade receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. The Company continuously monitors the economic environment in which it operates. The Company manages its Credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company grants credit terms in the normal course of business. An impairment analysis is performed at each reporting date on an individual basis for major clients. An impairment analysis is performed at each quarter end on an individual basis for major customers.

(₹ in Lakh)

Aging	Total		Up to 6 month		More than 6 month	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Trade receivables	22,491	23,225	21,022	22,164	1,469	(1,061)
Less : ECL Provision	(1,469)	(1,061)	-	-	(1,469)	(1,061)

##### Movement of Expected Credit loss

(₹ in Lakh)

	Opening Balance	Addition	Reversal	Closing Balance
Expected Credit loss - 2021	1,061	408	-	1,469
2020	980	81	-	1,061

**iii) Liquidity Risk**

The Company monitors its risk of a shortage of funds using a liquidity planning tool. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and cash credit facilities.

The table below summarises the maturity profile of the Company's financial liabilities based on contracted undiscounted payments.

Non current /current financial liabilities	Total		Less than 1 year		1 to 2 year		2 year and above	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
<b>Non current financial liabilities</b>								
i) Borrowings*	17,286	17,889	4,335	5,959	5,712	5,250	7,239	6,680
ii) Others	7,246	7,685	-	-	1,820	2,169	5,426	5,516
<b>Current financial liabilities</b>								
i) Borrowings*	3,146	14,348	3,146	14,348	-	-	-	-
ii) Others	12,081	12,370	12,081	12,370	-	-	-	-

\* Including current maturity of Longterm debt.

**45. Information related to Consolidated Financial statements**

The company is listed on stock exchange in India, the Company has prepared consolidated financial statements as required under IND AS 110, Sections 129 of Companies Act, 2013 and listing requirements. The consolidated financial statement is available on company's web site for public use.

**46. The Company has spent amount on corporate social responsibility expenses as below :**

(₹ in Lakh)

i. Particulars	31.03.2021	31.03.2020
Gross amount required to be spent during the year	310	304
Amount spent during the year		
- Construction / acquisition of any assets	-	-
- On purpose other than above	310	304

**ii) CSR expenses incurred by the implementing agency and the company**

Description	Relevant Clause of SCH VII of Companies Act 2013	For the year ended 31.03.2021	For the year ended 31.03.2020
<b>Expenditure done through Sunflag Foundation</b>			
Rural Development	Clause No. X	6	44
Health Care	Clause No. I	94	39
Education training & skill development	Clause No. I & X	15	31
Environment sustainability & protection of Flora and Fauna	Clause No. IV	1	17
District Sport & Cultural activities	Clause No. VII	1	17
		<b>117</b>	<b>148</b>
Expenditure done directly by the Company			
Rural Development	Clause No. X	148	-
<b>Total Expenditure by the Company</b>		<b>265</b>	<b>148</b>

The unspent amounts are allocated to various on going capital expenditure approved by the CSR Committee of the company. All such unspent amount has been transferred to specific account.

**47. During the year, Company has incurred expenditure related to construction of property, plant and equipment and therefore accounted for the same under capital work in progress. Details of the expenses capitalised and carried forward as capital work in progress are given below :**

(₹ in Lakh)

Particulars	As at 31.03.2021	As at 31.03.2020
<b>Brought forward from last year</b>	<b>23,259</b>	<b>20,162</b>
<b>Expenditure incurred during the year :</b>		
- Building and civil constructions	198	979
- Machinery and equipments	4,350	12,409
- Interest and financial charges	1,218	462
- Miscellaneous expenses	-	-
<b>Total expenditure during the year</b>	<b>5,766</b>	<b>13,850</b>
Less : Miscellaneous income	-	-
Less : Capitalised during the year	11,715	10,753
<b>Carried forward as part of Capital-work-in-progress</b>	<b>17,310</b>	<b>23,259</b>

**48. Subsequent events**

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization of these financial statements.

**49.** The outbreak of COVID-19 pandemic globally and in India caused significant disturbance in economic activities. Economy has shown positive trends in the second half of the FY 2020-21 after resumption of business activities in most of the industries particularly after India started its national COVID vaccination programme in January 2021. However country is witnessing resurgence in COVID cases from start of April 2021.

The Company is periodically reviewing possible impact of COVID-19 on its business and the same are considered in preparation of financial statements for the year ended 31<sup>st</sup> March, 2021. Review includes internal & external factors as known to the company upto the date of approval of these financial statements to assess and finalise the carrying amounts of its Assets & Liabilities.

**50.** The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contribution by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13<sup>th</sup> November, 2020 and has invited suggestions from stakeholders, which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules to determine the financial impact are published.

**51.** Previous year's figures have been regrouped / re-classified wherever necessary to make them more comparable.

*As per our report of even date as attached*

**For NSBP & CO.**  
*Chartered Accountants*  
*FRN : 001075N*

**DEEPAK K AGGARWAL**  
*Partner*  
**M. No. 095541**  
**New Delhi**  
**29<sup>th</sup> May, 2021**

*For and on behalf of Board of Directors of Sunflag Iron and Steel Company Limited*

**PRANAV BHARDWAJ**  
*MANAGING DIRECTOR*  
**S. K. GUPTA**  
*Dy. MANAGING DIRECTOR*  
**CA R. MURALIDHAR**  
*EXECUTIVE DIRECTOR (FINANCE)*  
**Nagpur**  
**29<sup>th</sup> May, 2021**

**K. J. SINGH**  
*DIRECTOR*  
**VINITA BAHRI**  
*DIRECTOR*  
**S. MAHADEVAN**  
*CHIEF FINANCIAL OFFICER*  
**ASHUTOSH MISHRA**  
*COMPANY SECRETARY*





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