



SUNFLAG IRON & STEEL CO. LTD.
THIRTY-SECOND (32ND) ANNUAL REPORT
2017 - 2018

SUNFLAG IRON AND STEEL COMPANY LIMITED

BOARD OF DIRECTORS	Mr. RAVI BHUSHAN BHARDWAJ (Non-executive Chairman) Mr. PRANAV BHARDWAJ (Managing Director) Mr. SURENDRA KUMAR GUPTA (Deputy Managing Director) Dr. E. R. C. SHEKAR (Non-executive, Independent Director) Mr. S. GAJENDRAN (Non-executive, Independent Director) CA JAYESH M. PARMAR (Non-executive, Independent Director) Mr. KUMAR JITENDRASINGH (Non-executive, Independent Director) Mrs. NEELAM KOTHARI (Non-executive, Independent Director) Mr. SUHRIT RAVI BHUSHAN BHARDWAJ (Non-executive Director) CA R. MURALIDHAR, [Whole-time Director designated as Executive Director (Finance)], Effective 14 th August 2017 Mr. RAMCHANDRA VASANT DALVI, Whole-time Director designated as Executive Director (Works), Effective 14 th August 2017 Mr. ROOSHAD RUSSI PATEL (Additional Non-executive, Independent Director), Effective 29 th September 2017
CHIEF FINANCIAL OFFICER	CA R. MURALIDHAR
COMPANY SECRETARY	CS PRANAB PANIGRAHI
STATUTORY AUDITORS	M/s. S.S. KOTHARI MEHTA & CO. CHARTERED ACCOUNTANTS, NEW DELHI
SECRETARIAL AUDITORS	M/s. MUKESH PARAKH & ASSOCIATES COMPANY SECRETARIES, NAGPUR
COST AUDITORS	M/s. G. R. PALIWAL & COMPANY COST ACCOUNTANTS, NAGPUR
INTERNAL AUDITORS	M/s. AKMK & ASSOCIATES CHARTERED ACCOUNTANTS, SURAT
JOINT INTERNAL AUDITORS	M/s. NITIN ALSHI & ASSOCIATES CHARTERED ACCOUNTANTS, NAGPUR
BANKERS	STATE BANK OF INDIA BANK OF INDIA CANARA BANK INDIAN BANK IDBI BANK LIMITED
REGISTERED OFFICE	33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN
WORKS	WARTH, BHANDARA ROAD, BHANDARA - 441905, MH, IN
WEB SITE & e-mail	www.sunflagsteel.com / e-mail - investor@sunflagsteel.com
REGISTRAR & SHARE TRANSFER AGENT	BIGSHARE SERVICES PRIVATE LIMITED, MUMBAI

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SUNFLAG IRON AND STEEL COMPANY LIMITED
REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN
Corporate Identification Number (CIN) – L27100MH1984PLC034003
Tel No. + 91 712 2524661 / 2520356–7–8, Fax No. + 91 712 2520360, E-Mail ID : investor@sunflagsteel.com, Website : www.sunflagsteel.com

NOTICE

NOTICE is hereby given that the **Thirty-second (32nd) Annual General Meeting** of the Members of **Sunflag Iron and Steel Company Limited** will be held on **Tuesday, the 25th day of September 2018 at 3.00 P. M.** at Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, North Ambazari Road, Nagpur – 440010, MH, IN, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Standalone & Consolidated) of the Company for the year 2017-2018 ended 31st March 2018, including, the Balance Sheet as at 31st March 2018, Statement of Profit and Loss and Cash Flow Statement for the year 2017-2018 ended 31st March 2018, together with the Board's Reports and Report of the Statutory Auditors thereon.
2. To declare Dividend @5% (i.e. ₹ 0.50/- per Equity Share) on Equity Shares of the Company.
3. To appoint a Director in place of Mr. Surendra Kumar Gupta (DIN - 00054836), who retires by rotation and, being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

Appointment of Messers S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927) as the Statutory Auditors of the Company

"RESOLVED THAT pursuant to the provisions of Section 139, 141, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification/s or re-enactment/s thereof, for the time being in force), Messers S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), be and are hereby appointed as the Statutory Auditors of the Company for a consecutive two (2) financial years i.e. to hold office from the conclusion of this Thirty-second (32nd) Annual General Meeting till the conclusion of the Thirty-fourth (34th) Annual General Meeting of the Company to be held for the financial year 2019-2020, at such remuneration plus applicable taxes (GST) thereon, and reimbursement of out of pocket and travelling expenses, if any, as approved by the Board of Directors of the Company, based on the recommendation of the Audit Committee of the Company, in consultation with the said Statutory Auditors of the Company."

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-
Appointment of Mr. Rooshad Russi Patel (DIN - 00473945) as a Director (Category - Non-executive, Independent) of the Company, and also, for a fixed first term of five (5) consecutive years, as an Independent Director of the Company

"RESOLVED that Mr. Rooshad Russi Patel (DIN - 00473945), who was appointed by the Board of Directors as an Additional Director of the Company effective 29th September 2017 and who holds office up to the date of this Thirty-second (32nd) Annual General Meeting of the Company in terms of Section 161(1) of the Companies Act, 2013 ("the Act") and Article 128 of the Articles of Association of the Company but who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of a Director of the Company, be and is hereby appointed as a Director of the Company.

FURTHER RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act and the Companies (Appointment and Qualifications of Directors) Rules, 2014, read with Schedule IV to the Act, as amended, from time to time, the appointment of Mr. Rooshad Russi Patel (DIN - 00473945), who meets the criteria for independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), and who has submitted a declaration to that effect, and who is eligible for appointment as an Independent Director of the Company, not liable to retire by rotation, for a fixed first term of Five (5) consecutive years i.e. from the conclusion of Thirty-second (32nd) Annual General Meeting up to the conclusion of Thirty-seventh (37th) Annual General Meeting of the Company, to be held for the financial year 2022-2023, be and is hereby approved."

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-
Consent and approval of the Shareholders (Members) for continuation of Mr. Ravi Bhushan Bhardwaj, (DIN - 00054700), as a Director (Category - Non-executive Chairman & Promoter), of the Company, not liable to retire by rotation, on attaining the age of seventy-five (75) years on 23rd October 2018, beyond 1st April 2019, on the existing terms and conditions of appointment, till cessation as a Director of the Company.

"RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 dated 9th May 2018 effective 1st April 2019, [Listing Regulations], the consent and approval of the Shareholders (Members) of the Company, be and is hereby granted, for continuation of Mr. Ravi Bhushan Bhardwaj, (DIN - 00054700), as a Director [Category - Non-executive Chairman & Promoter], of the Company, not liable to retire by rotation, on attaining the age of seventy-five (75) years on 23rd October 2018, beyond 1st April 2019, on the existing terms and conditions of appointment, till cessation as a Director of the Company."

7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-
Consent and approval of the Shareholders (Members) for continuation of Dr. E.R.C. Shekhar, (DIN - 00013670), as a Director (Category - Non-executive, Independent), of the Company, not liable to retire by rotation, who has already attained the age of seventy-five (75) years, beyond 1st April 2019, on the existing terms and conditions of appointment, till the expiry of existing tenure as an Independent Director of the Company

"RESOLVED THAT pursuant to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 dated 9th May 2018 effective 1st April 2019, [Listing Regulations], the consent and approval of the Shareholders (Members) of the Company, be and is hereby granted, for continuation of Dr. E. R. C. Shekar, (DIN - 00013670), as a Director [Category - Non-executive & Independent], of the Company, not liable to retire by rotation, who has already attained the age of seventy-five (75) years, beyond 1st April 2019, on the existing terms and conditions of appointment, till the expiry of existing tenure as an Independent Director of the Company, i. e. till the conclusion of Thirty-sixth (36th) Annual General Meeting of the Company, to be held for the financial year 2021-2022."

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

Approval for payment of remuneration by way of commission, not exceeding a sum equivalent to one percent (1%) of net profits of the Company per annum, to be paid and distributed amongst all the Non-executive Director/s of the Company for a period of five (5) financial years, effective financial year 2018-2019 till the financial year 2022-2023

“RESOLVED THAT in supersession of ordinary resolution passed by the Shareholders (Members) of the Company at its Thirtieth (30th) Annual General Meeting held on 23rd September 2016, pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 [‘the Act’] read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification/s and / or re-enactment/s thereof for the time being in force), Article 130 of the Articles of Association of the Company, and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including, SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 [‘Listing Regulations’], dated 9th May 2018 effective 1st April 2019, the payment of remuneration by way of commission, not exceeding a sum equivalent to one per cent (1%) of net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid to, and be distributed amongst all the Non-executive Director/s of the Company, as may be determined by the Board of Directors of the Company, from time to time, in compliance of the applicable provisions of the Companies Act, 2013 read with the rules made there under and the Listing Regulations, (as amended), subject to, no single Non-executive Director of the Company, be paid, a sum exceeding fifty percent (50%) of total annual remuneration payable to all Non-executive Director/s of the Company, for the time being in force, for a period of five (5) financial years, effective financial year 2018-2019 till the financial year 2022-2023.”

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

Ratification of Remuneration of Cost Auditors of the Company

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification/s and / or re-enactment/s thereof, for the time being in force), 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 2018-2019 ending 31st March 2019, has been duly approved by the Board of Directors, based on the recommendations of the Audit Committee of the Company, be paid a sum ₹ 2,25,000/- (₹ Two Lakhs Twenty Five Thousand) only plus applicable taxes (GST) and reimbursement of actual out of pocket expenses, if any, as a remuneration for audit of cost records of the Company, for the financial year 2018-2019 ending 31st March 2019, as recommended by the Board of Directors based on the recommendations of the Audit Committee of the Company, be and are hereby ratified.”

By Order of the Board

CS Pranab Panigrahi
Company Secretary
M.No. ACS - 16186

N a g p u r
13.08.2018

NOTES:-

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

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

1. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Ordinary and Special Business under Item Nos. 4 to 9 is annexed hereto and forms part of the Notice.
2. All documents referred to in the Notice including Explanatory Statement thereof, will be available for inspection by the Members during working hours on any working day till the date of the Thirty-second (32nd) Annual General Meeting at the Registered Office of the Company and also at the place of the Meeting at the scheduled time of the Thirty-second (32nd) Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed, from Saturday, the 8th Day of September, 2018 to Tuesday, the 25th Day of September, 2018 (both days inclusive) for the purpose of Thirty-second (32nd) Annual General Meeting and Dividend, if declared.
4. The Shareholders (Members) are requested to send their queries, if any, in writing at least ten (10) days in advance of the date of the meeting to the Company at its Registered Office.
5. The Members or Proxies are requested to bring the attendance slip attached at page 108, duly filled in, for attending the meeting.

6. DEMATERIALISATION OF SHARES

This is to inform that about **1104.97** lakh shares (**61.3127%**) of the total Issued, Subscribed and Paid-up Share Capital of the Company, have already been dematerialized as of 31st March 2018. The Shareholders (Members) who have not dematerialised their Equity Shareholding may opt the same accordingly.

7. REGISTRAR & SHARE TRANSFER AGENT

M/s. Bigshare Services Private Limited, 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apts, (Next to Keys Hotel) Marol-Maroshi Road, Andheri (East), Mumbai – 400059, MH, IN, have been appointed by the Company as the Registrar and Share Transfer Agent (RTA) effective 31st March 2003. Therefore, the Depository Participants, Shareholders or Investors of the Company, are advised to send all documents and correspondence, such as requests for Dematerialisation of Shares, Transfer of Shares, Change of Address, Registration of e-mail id, Change of Bank Mandate or NECS 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 Shareholders (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 and/or the Company or to their respective Depository Participants (DP), if the Shares are held in Demat mode.

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

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

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

S. No.	Number & Date of AGM	Date of Transfer to IEPF	Amount (₹)
1	Twentieth (20 th) - 28 th September 2006	27 th September 2013	15,92,685.00
2	Twenty-first (21 st) - 25 th September 2007	24 th September 2014	11,71,767.00
3	Twenty-second (22 nd) - 23 rd September 2008	22 nd September 2015	18,71,945.00
4	Twenty-third (23 rd) - 25 th September 2009	24 th September 2016	22,14,452.00
5	Twenty-fourth (24 th) - 23 rd September 2010	22 nd September 2017	20,24,582.00

Moreover, the dividend for the financial year 2010-2011 declared at Twenty-fifth (25th) Annual General Meeting held on 23rd September 2011 remaining unpaid or unclaimed is due for transfer to the credit of IEPF on **22nd September 2018**. The Shareholders (Members) are requested to claim their unpaid or unclaimed Dividend(s), if any, declared and paid for the financial year 2010-2011 immediately.

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 details of unpaid and unclaimed dividend lying as on 28th September 2017 (date of Thirty-first (31st) Annual General Meeting) on the Company's website www.sunflagsteel.com as also on the Ministry of Corporate Affairs' website.

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

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

Accordingly, first communication to this effect has already been sent by the Company through its RTA on 6th July 2018, specifically focused on provisions pertaining to collection of Income Tax PAN and Bank account details of all securities holders holding securities in physical form, a copy of the said communication is also attached along with this Thirty-second (32nd) Annual Report of the Company.

All Shareholders (Members) of the Company, holding equity shares in physical form, are requested to comply with the subject SEBI Circular by responding to the Notice issued to them. All the above circulars and letters are available on the Company's Website www.sunflagsteel.com

SHARES

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

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

Accordingly, the Company has transferred a total 3091699 equity shares constituting about 1.716% of the total issued, subscribed and paid-up share capital, including of 28,050 equity shares of "Unclaimed Suspense Account", which was created pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015(as amended) effective 3rd August 2015.

The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both dividend as well as shares. The detailed list of shares transferred to this IEPF Authority Account as well as detailed procedure to claim is available on the Company's Website www.sunflagsteel.com. Further, the procedure for claim is also available on the Website of IEPF authority at www.iepf.gov.in. During the financial year 2017-2018 under review, no rightful shareholder has claimed any shares from this account. The detailed list of shares transferred to this IEPF account is available on the Company's Website www.sunflagsteel.com.

10. GREEN INITIATIVE

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

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

11. E-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), the Company is pleased to provide its Shareholders (Members), facility to exercise their right to vote at the Thirty-second (32nd) Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSIL).

The instructions for Shareholders (Members) for voting electronically are as under:-

I. In case of Shareholder/s (Member/s) receiving e-mail:-

- i) The e-voting period begins on **Saturday, the 22nd September 2018 at 10:00 Hrs.** and ends on **Monday, the 24th September 2018 at 17:00 Hrs.** During this period, the Shareholders (Members) of the Company, holding Equity Shares either in physical form or in dematerialised (demat) form, as on the cut-off date (record date) of **Tuesday, the 18th September 2018**, may cast their vote electronically. The e-voting module shall be disabled by CDSIL for voting thereafter.
- ii) Log on to the e-voting website www.evotingindia.com
- iii) Click on "Shareholders" Tab.
- iv) Now Enter your User ID
 - a) For CDSIL : 16 digits beneficiary ID
 - b) For NSDL : 8 Character DP ID followed by 8 Digits Client ID
 - c) Shareholders (Members) holding shares in physical form should enter Folio Number registered with the Company
- v) Next enter the Image Verification as displayed and Click on Login.
- vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used.
- vii) If you are a first time user follow the steps given below :

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

- viii) After entering these details appropriately, click on "SUBMIT" tab.
- ix) The Shareholders (Members) holding shares in physical form will then reach directly the Company selection screen. However, the Shareholders (Members) holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- x) For the Shareholders (Members) holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi) Click on the EVSN for the **SUNFLAG IRON AND STEEL COMPANY LIMITED** on which you choose to vote.
- xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xviii) **The Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

xix) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

II. In case of Shareholders (Members) receiving the physical copy:-

- a) Please follow all steps from Serial No. (i) to Serial No. (xix) above to cast vote.
- b) The e-voting period begins on **Saturday, the 22nd September, 2018 at 10:00 Hrs.** and ends on **Monday, the 24th September, 2018 at 17:00 Hrs.** During this period, the Shareholders (Members) of the Company, holding Equity Shares either in physical form or in dematerialised (demat) form, as on the cut-off date (record date) of **Tuesday, the 18th September, 2018**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com or Toll-free No. 1800 200 5533.
- d) The Board of Directors has appointed M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur (ICSI Membership No. FCS-4343 & Certificate of Practice No. 13693) as a Scrutinizer to process the e-voting (including voting through physical ballot form received from the Shareholders (Members) of the Company) and also, Voting at the venue of the Thirty-second (32nd) Annual General Meeting in a fair and transparent manner.
- e) CS Pranab Panigrahi (ICSI Membership No. ACS-16186) of the Company shall be responsible for addressing all the grievances in relation to this Thirty-second (32nd) Annual General Meeting including e-voting.
- f) The Notice of the Thirty-second (32nd) Annual General Meeting will be sent to all the Shareholders (Members) of the Company, whose names appear in the Register of Members as on the latest BENPOS date i.e. Friday, the 17th August 2018 and also to all those New Shareholders (Members) whose names entered in the Register of Members till cut-off date, i.e. **Tuesday, the 18th September 2018** through Speed Post, Registered Post or Couriers and also by e-Mail, wherever registered. The Shareholders (Members) may also download a copy of the Notice from the Website of the Company www.sunflagsteel.com.
- g) The Shareholders (Members) of the Company, holding Equity Shares either in physical form or in dematerialised (demat) form as on **Tuesday, the 18th September 2018** and not casting their vote electronically, may only cast their vote at the Thirty-second (32nd) Annual General Meeting of the Company. The voting rights of shareholders shall be in proportion to their shareholding of paid-up share capital of the Company as on cut-off date i.e. **Tuesday, the 18th September 2018**.
- h) Kindly note that the Shareholders (Members) can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote by physical mode also. However, in case, a Shareholder (Member) cast his/her/their vote through e-voting as well as physically, then voting done through e-voting will prevail.
- i) **The results of voting shall be declared within forty-eight (48) hours of the conclusion of the Thirty-second (32nd) Annual General Meeting. The results of voting so declared along with the Scrutinizer's Report shall be placed on the Company's Website (www.sunflagsteel.com), CDSL Website and shall also be communicated to the Stock Exchanges (BSE & NSE).**

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

ITEM NO. 4:-

It may be recalled that the Shareholders (Members) of the Company at its Thirtieth (30th) Annual General Meeting held on 23rd September 2016 has approved and appointed M/s. S. S. Kothari Mehta and Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), as the Statutory Auditors of the Company for a fixed first term of two (2) years from the conclusion of Thirtieth (30th) Annual General Meeting until the conclusion of Thirty-second (32nd) Annual General Meeting of the Company, to be held for the financial year 2017-2018, subject to ratification by the Shareholders (Members) of the Company, at every subsequent Annual General Meeting of the Company.

Accordingly, the fixed first term of M/s. S. S. Kothari Mehta and Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), as the Statutory Auditors of the Company, is expiring at the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

The provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended) regarding rotation of Statutory Auditors are applicable to the Company.

Accordingly, the Company may consider the re-appointment of M/s. S.S. Kothari Mehta and Co., Chartered Accountants, New Delhi (ICAI Firm Registration No.000756N, Peer Review Certificate No.008927), as the Statutory Auditors of the Company, for a fixed second term of not more than five (5) consecutive financial years.

Moreover, the Company is not required to place the matter relating to appointment including re-appointment of the Statutory Auditors of the Company, for ratification, by the Shareholders (Members), at every subsequent Annual General Meeting of the Company, in terms of deletion of First Proviso to Section 139(1) of Companies Act, 2013 vide the Companies (Amendment) Act, 2017 effective 7th May 2018.

The Audit Committee at its 69th Meeting held on 13th August 2018, and in turn, on the basis of their recommendations, the Board of Directors of the Company at its 169th Meeting held on 13th August 2018, has duly noted, considered, reviewed, approved and recommended, the re-appointment including fixation of remuneration, of M/s.S.S.Kothari Mehta and Co., Chartered Accountants, New Delhi (ICAI Firm Registration No.000756N, Peer Review Certificate No. 008927), as the Statutory Auditors of the Company, for a consecutive two (2) financial years, i. e. to hold office from the conclusion of this Thirty-second (32nd) Annual General Meeting till the conclusion of the Thirty-fourth (34th) Annual General Meeting of the Company to be held for the financial year 2019-2020, to the Shareholders (Members) at their Thirty-second (32nd) Annual General Meeting of the Company, for their approval thereof.

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 the said Ordinary Resolution. The Board of Directors of the Company recommends the Ordinary Resolution for approval of the Shareholders (Members) in the interest of the Company.

ITEM NO. 5:-

The Board of Directors, on the recommendations of Nomination & Remuneration Committee, of the Company, at its meeting held on 28th September 2017, has approved and appointed, Mr. Rooshad Russi Patel, (DIN - 00473945), as an Additional Director [Category : Non-executive, Independent], of the Company, effective 29th September 2017. Pursuant to the provisions of Section 161(1) of the Act and Article 128 of the Articles of Association of the Company, Mr. Rooshad Russi Patel, (DIN - 00473945), shall hold office up to the date of this Thirty-second (32nd) Annual General Meeting of the Company, and is eligible to be appointed as a Director of the Company. The Company has, in terms of Section 160(1) of the Act, received in writing a notice from a Shareholder (Member) of the Company, proposing his candidature for the office of a Director of the Company.

Mr. Rooshad Russi Patel, (DIN - 00473945), aged about 66 years, a commerce graduate, is an entrepreneur and managing affairs of Hi-tech Resistors Private Limited (HTR), Nagpur, having manufacturing facilities at the Electronics Zone in MIDC Industrial Area, Nagpur. HTR today is a US\$ 3 Million Company and is amongst the few electronics components manufacturers in the world to be certified to ISO TS 16949:2009 which is essential to sell parts to automotive companies world-wide. The additional information (details) of Mr. Rooshad Russi Patel, (DIN - 00473945), have been given in the Annex to this Notice.

The Company has also received a self-declaration from Mr. Rooshad Russi Patel, (DIN - 00473945), to the effect that he was or is not disqualified from being appointed as a Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013 and have submitted his consent to act as a Director of the Company.

The Company has also received a self-declaration from Mr. Rooshad Russi Patel, (DIN - 00473945), to the effect that he was or is not debarred from holding the office of a Director of the Company pursuant to any order of the SEBI or such other authority in terms of SEBI's Circular No. LIST/COMP/14/2018-19 dated 20th June 2018 on the subject "Enforcement of SEBI Orders regarding appointment of Directors by listed companies"

The Company has also received a self-declaration from Mr. Rooshad Russi Patel, (DIN - 00473945), to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ["Listing Regulations"].

In the opinion of Nomination & Remuneration Committee and Board of Directors of the Company, Mr. Rooshad Russi Patel, (DIN - 00473945), fulfils the conditions specified in the Act and Listing Regulations, for appointment as a Director and also, as an Independent Director of the Company.

As such, it is proposed to appoint Mr. Rooshad Russi Patel (DIN - 00473945) as a Director [Category – Non-executive, Independent], of the Company, not liable to retire by rotation, and also, as an Independent Director of the Company, to hold the office for a fixed first term of Five (5) years, from the conclusion of Thirty-second (32nd) Annual General Meeting of the Company up to the conclusion of Thirty-seventh (37th) Annual General Meeting of the Company, to be held for the financial year 2022-2023.

The terms and conditions of his appointment (appointment letter) shall be open for inspection by the Shareholders (Members) of the Company, at the Registered Office during the normal business hours on any working day till the date of Thirty-second (32nd) Annual General Meeting, and will also be kept open at the venue of the Thirty-second (32nd) Annual General Meeting of the Company.

Mr. Rooshad Russi Patel, (DIN - 00473945), may be deemed to be interested or concerned in the Resolution set out at Agenda Item No. 4 of the Notice with regard to his appointment. Except Mr. Rooshad Russi Patel, (DIN - 00473945), none of the other Director/s, Key Managerial Personnel of the Company, & their relatives are, in any way, concerned or interested, financially or otherwise, in this Ordinary Resolution. The Board of Directors of the Company, recommends the Ordinary Resolution for approval of the Shareholders (Members) in the interest of the Company.

ITEM NO. 06:-

Based on the Report of the Committee on Corporate Governance chaired by Mr. Uday Kotak, the Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"], vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 published in the Official Gazette on 9th May 2018. Save as otherwise specifically provided for in these regulations, they shall come into force from 1st April 2019. According to the new provisions, a person who has attained the age of seventy-five (75) years can continue directorship in a listed company as a non-executive director only after the concerned listed company has taken the approval of its shareholders (members) by way of a special resolution. The said provision comes into effect from 1st April 2019.

Mr. Ravi Bhushan Bhardwaj, [DIN – 00054700], Non-executive Chairman of the Company, [DOB – 23rd October 1943], is attaining the age of seventy-five (75) years, on 23rd October 2018.

Accordingly, the continuation of, Mr. Ravi Bhushan Bhardwaj, [DIN – 00054700], as a Non-executive Chairman of the Company, on attaining the age of seventy-five (75) years on 23rd October 2018, beyond 1st April 2019, till the cessation as a Director of the Company, requires approval of the Shareholders (Members) of the Company, by way of Special Resolution, at the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

It may be recalled that Mr. Ravi Bhushan Bhardwaj, [DIN – 00054700], at the request of the Nomination & Remuneration Committee and Board of Directors of the Company, recognising the need for orderly transition in a Company of size and complexity, had agreed to continue as a Chairman in non-executive capacity and also, to play the role of a Mentor to the executive management of the Company.

In the opinion of Nomination & Remuneration Committee and Board of Directors of the Company, Mr. Ravi Bhushan Bhardwaj is a person of high repute, integrity and have rich and varied experience and played an exceptional role in the overall growth of Sunflag Steel since his appointment effective 1st October 1998.

Accordingly, the Nomination & Remuneration Committee and in turn, the Board of Directors of the Company at their respective meeting/s held on 13th August 2018, has noted and in order to reap the benefits of his continuous guidance, while taking into considerations, his enlarged role to provide guidance and mentorship to the executive management and for facilitating seamless migration to the new governance structure of the Company, unanimously approved the continuation of Mr. Ravi Bhushan Bhardwaj [DIN – 00054700], as the Non-executive Chairman of the Company, on attaining the age of seventy-five (75) years on 23rd October 2018, beyond 1st April 2019, till the cessation as a Director of the Company.

Except, Mr. Ravi Bhushan Bhardwaj [DIN – 00054700], Non-executive Chairman, being the appointee, together with Mr. Pranav Bhardwaj, Managing Director and Mr. Suhril Bhardwaj, Non-executive Director, of the Company, being the relative (Son) of the appointee, 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 Special Resolution. The Board of Directors of the Company, recommends the Special Resolution for approval of the Shareholders (Members) in the interest of the Company.

ITEM NO. 07:-

Based on the Report of the Committee on Corporate Governance chaired by Mr. Uday Kotak, the Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”], vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 published in the Official Gazette on 9th May 2018. Save as otherwise specifically provided for in these regulations, they shall come into force from 1st April 2019. According to the new provisions, a person who has attained the age of seventy-five (75) years can continue directorship in a listed company as a non-executive director only after the concerned listed company has taken the approval of its shareholders (members) by way of a special resolution. The said provision comes into effect from 1st April 2019.

Dr. Edayathimangalam Ramnath Chandra Shekar, commonly known as Dr. E. R. C. Shekar, [DIN – 00013670], Non-executive & Independent Director of the Company, [DOB – 20th April 1932], has already attained the age of seventy-five (75) years and is now 86 years old.

Accordingly, the continuation of, Dr. E. R. C. Shekar, [DIN – 00013670], as a Non-executive & Independent Director of the Company, who has already attained the age of seventy-five (75) years, beyond 1st April 2019, till the expiry of existing tenure, as an Independent Director, of the Company, (till the conclusion of Thirty-sixth (36th) Annual General Meeting of the Company to be held for the financial year 2021-2022), requires approval of the Shareholders (Members) of the Company, by way of Special Resolution, at the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

It may be recalled that the Shareholders (Members) of the Company, at its Thirty-first (31st) Annual General Meeting, held on 28th September 2017, by way of Special Resolution, has approved and appointed, Dr. E. R. C. Shekar, [DIN – 00013670], as a Non-executive & Independent Director of the Company, for a fixed second term of consecutive five (5) years, i.e. from the conclusion of Thirty-first (31st) Annual General Meeting up to the conclusion of Thirty-sixth (36th) Annual General Meeting of the Company to be held for the financial year 2021-2022.”

Dr. E. R. C. Shekar, is 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 gained nearly six decades of experience in steel making and marketing. As such, in the opinion of Nomination & Remuneration Committee and the Board of Directors of the Company, Dr. E. R. C. Shekar is a person of high repute, integrity and have rich and varied technical experience and also played an exceptional role in the overall growth of Sunflag Steel since his appointment effective 5th September 1991.

The Nomination & Remuneration Committee and in turn, the Board of Directors of the Company at their respective meeting/s held on 13th August 2018 has, noted and taking into considerations, the enlarged role to provide technical guidance, value additions and mentorship to the executive management and for facilitating seamless operations of the manufacturing facilities at Steel Plant of the Company, approved the continuation of Dr. E. R. C. Shekar, [DIN – 00013670], who has already attained the age of seventy-five (75) years, as a Non-executive & Independent Director of the Company, beyond 1st April 2019, till the expiry of existing tenure, as an Independent Director, of the Company, (till the conclusion of Thirty-sixth (36th) Annual General Meeting of the Company to be held for the financial year 2021-2022).

Except, Dr. E. R. C. Shekar [DIN – 00013670], Non-executive & Independent Director of the Company, being the appointee, 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 Special Resolution. The Board of Directors of the Company, recommends the Special Resolution for approval of the Shareholders (Members) in the interest of the Company.

ITEM NO. 08:-

Based on the Report of the Committee on Corporate Governance chaired by Mr. Uday Kotak, the Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”], vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 published in the Official Gazette on 9th May 2018. Save as

otherwise specifically provided for in these regulations, they shall come into force from 1st April 2019. According to the new provisions, the approval of shareholders (members) by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof. The said provision comes into effect from 1st April 2019.

It may be recalled that, pursuant to the provisions of Section 197 and other applicable provisions, if any, of the Companies Act, 2013 [‘the Act’] read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification/s and / or re-enactment/s thereof for the time being in force), Article 130 of the Articles of Association of the Company, and the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [‘Listing Regulations’], the Shareholders (Members) of the Company, at its Thirtieth (30th) Annual General Meeting, held on 23rd September 2016, by way of an ordinary resolution, has considered and approved, the payment of remuneration by way of commission, not exceeding a sum equivalent to one per cent (1%) of net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid to, and be distributed amongst all the Non-executive Director/s of the Company as (i) a fixed sum of ₹ 1,20,000/- (₹ One Lakh Twenty Thousand) to each Non-executive Independent Director/s of the Company, for their tenure of the whole financial year but, in proportionate, for their tenure of part of the financial year, if any, and (ii) the balance amount shall be distributed equally amongst Mr. P. B. Bhardwaj, Non-executive Chairman and Mr. Ravi Bhushan Bhardwaj, Non-executive Vice-Chairman of the Company, for a period of five (5) years commencing from the financial year 2016-2017.

Subsequent to this and due to sad demise of Mr. P. B. Bhardwaj, then Non-executive Chairman of the Company, Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company, is entitled for payment of remuneration by way of commission @1% of net profits of the Company, after making the provision/s, for payment of remuneration by way of commission, to all Non-executive Independent Director/s of the Company, @ a fixed sum of ₹ 1,20,000/- (₹ One Lakh Twenty Thousand) to each Non-executive, Independent Director/s of the Company, for their tenure of the whole financial year but, in proportionate, for their tenure of part of the financial year, if any.

In view of aforesaid, Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company, is entitled for payment of remuneration by way of commission exceeding fifty percent (50%) of total annual remuneration payable to all Non-executive Director/s of the Company.

The Nomination & Remuneration Committee and in turn, the Board of Directors of the Company, at their respective meeting/s held on 13th August 2018, noted and considered, to change or modify the methodology for payment of remuneration by way of commission to Non-executive Director/s of the Company in line with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Accordingly, the Nomination & Remuneration Committee and in turn, the Board of Directors of the Company, at their respective meeting/s held on 13th August 2018, noted, considered and unanimously resolved 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 Act, be paid to, and be distributed amongst all the Non-executive Director/s of the Company, as may be determined by the Board of Directors of the Company, from time to time, in compliance of the applicable provisions of the Companies Act, 2013 read with the rules made there under and the Listing Regulations, (as amended), subject to, no single Non-executive Director of the Company, be paid, a sum exceeding fifty percent (50%) of total annual remuneration payable to all Non-executive Director/s of the Company, for the time being in force, for a period of five (5) financial years, effective financial year 2018-2019 till the financial year 2022-2023.

As such, the aforesaid recommendations of Nomination & Remuneration Committee and in turn, that of Board of Directors of the Company, requires consideration and approval, by way of an ordinary resolution, of the Shareholders (Members) of the Company, at the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

Except the proposed direct beneficiary namely, Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman; Dr. E R C Shekar, Non-executive, Independent Director; Mr. S Gajendran, Non-executive, Independent Director; CA Jayesh M Parmar, Non-executive, Independent Director; Mr. Kumar Jitendra Singh, Non-executive, Independent Director; Mrs. Neelam Kothari, Non-executive, Independent Director; Mr. Rooshad Russi Patel, Non-executive, Independent Director and Mr. Suhrit Bhardwaj, Non-executive, Non-Independent Director of the Company and Mr. Pranav Bhardwaj, Managing Director, being a relative of the proposed direct beneficiary, 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 Ordinary Resolution. The Board of Directors of the Company, recommends the Ordinary Resolution for approval of the Shareholders (Members) in the interest of the Company.

ITEM NO. 9:-

On recommendations of the Audit Committee, the Board of Directors of the Company, at its meeting held on 28th May 2018 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 2018–2019 ending 31st March 2019, to audit the cost records of the Company at a remuneration of ₹ 225,000/- (₹ Two Lakhs Twenty Five 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 Shareholders (Members) of the Company at the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Ordinary Resolution. The Board of Directors of the Company recommends the Ordinary Resolution for ratification of the Shareholders (Members) in the interest of the Company.

By Order of the Board

CS Pranab Panigrahi
Company Secretary
M.No. ACS - 16186

Details of Director/s seeking appointment/re-appointment at the Thirty-second (32nd) Annual General Meeting of the Company
[Pursuant to Regulations 26(4) and 36(6) of the Listing Regulations and Secretarial Standards on General Meeting]

Name of Director	Mr. Surendra Kumar Gupta
Director Identification Number (DIN)	0054836
Brief Resume	Mr. Surendra Kumar Gupta, 69, is graduated in Mechanical Engineering (B.E.) and thereafter pursued Diploma in Business Management. He has wide experience of over 38 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.
Date of Birth / Age	16 th August 1948 / 69 Years
Date of First Appointment	21 st May 2007
Expertise in specific functional area	Sales, Marketing, Administration and Management
Qualification	B.E. (Mechanical) & Diploma in Business Management
Shareholding in the Company	NIL, Hence Not Applicable
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	No, Hence Not Applicable
No. of Board Meeting attended during the Financial Year 2017-2018	Six (6) [100%]
Name of the other Companies/LLP in which Director/Partner	i) Sunflag Foundation (Section 8 Company) ii) Khappa Coal Company Private Limited iii) C T Mining Private Limited iv) Daido DMS India Private Limited v) Ramesh Sunwire Private Limited vi) Supra Corporation Limited vii) Suriagarh Metals and Minerals Limited
Chairman / Members of the Committee of Board or Directors of the Company or of Other Listed Company	He is a Member of Stakeholders' Relationship Committee, Share Transfer Committee, Project Monitoring Committee, Corporate Social Responsibility and Risk Management Committee of the Company.

Name of Director	Mr. Rooshad Russi Patel
Director Identification Number (DIN)	00473945
Brief Resume	Mr. Rooshad Russi Patel, 66, qualified ISC in the year 1968 from St. Marry's School and completed commerce graduation from HR College in Mumbai, He started an enterprise with controlling stake of about 70% namely Hi-tech Resisters Private Limited (HTR), Nagpur, having manufacturing facilities at the Electronics Zone in MIDC Industrial Area, Nagpur. HTR today is a US\$ 3 Million Company and is amongst the few electronics components manufacturers in the world to be certified to ISO TS 16949:2009 which is essential to sell parts to automotive companies world-wide. He has been awarded the Maharashtra Government Gaurav (Certificate of recognition) in the year 1993. Hon'ble Shri Atal Bihari Vajpayee, then Prime Minister of India, bestowed the award for excellence to HTR on behalf of the Department of Electronics in the year 1996.
Date of Birth / Age	16 th February 1952 / 66 Years
Date of First Appointment	29 th September 2017
Expertise in specific functional area	Industrial Management
Qualification	Commerce Graduate
Shareholding in the Company	NIL, Hence Not Applicable
Relationship with other Director, Manager and other Key Managerial Personnel of the Company	No, Hence Not Applicable
No. of Board Meeting attended during the Financial Year 2017-2018	One (1) [50%]
Name of the other Companies/LLP in which Director/Partner	Hi-tech Resisters Private Limited
Chairman / Members of the Committee of Board of Directors of the Company or of Other Listed Company	Nil, Hence Not Applicable

By Order of the Board
CSPranab Panigrahi
Company Secretary
M.No. ACS - 16186

BOARD'S REPORT

To, The Shareholders (Members),

The Board of Directors of the Company hereby present the Thirty-second (32nd) Annual Report together with the Audited Financial Statements for the year 2017-2018 ended 31st March 2018.

The financial year 2017-2018 ended 31st March 2018 under review, witnesses reasonable increase in demand for the Company's products, which is mainly due to growth in Automobile and Auto Component sector coupled with better sales realization, improved plant utilization and process improvements, all that have been resulted in achieving 8.58% PBT margin as against 4.93% in the corresponding previous financial year. EBIDTA margins have improved to 11.82% as compared to 8.90% in the corresponding previous financial year. The continuous efforts by the Company's Management towards strict cost reduction, better financial and working capital management, has also helped to improve the overall financial performance of the Company.

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	
		31 st March 2018	31 st March 2017
1	Total Income	214,612	172,098
2	Total Expenditure	189,234	156,782
3	Gross Profit	25,378	15,316
4	Finance Cost	3,549	3,506
5	Profit before Depreciation	21,829	11,810
6	Depreciation	3,413	3,319
7	Profit before exceptional and extraordinary items and Tax	18,416	8,491
8	Tax Expenses and Provisions	5,549	1,974
9	Profit After Tax	12,867	6,517
10	Earnings Per Share (EPS) (Basic and Diluted) in Rupees	7.14	3.62

2. FINANCE

Your Company has ended the financial year 2017-2018 ended 31st March 2018 with a profit after tax of ₹ 12,867 Lakhs. After taking into account the brought forward profit of ₹ 48,760 Lakhs, your Company has carried forward an amount of ₹ 61,627 Lakhs to the Balance Sheet of the Company as at 31st March 2018.

3. DIVIDEND

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

As such, the Board of Directors feels appropriate and are pleased to recommend a Dividend @5% (i.e. ₹ 0.50/-) per Equity Share on the equity shares in the capital of the Company for the financial year 2017-2018 ended 31st March 2018, subject to approval of the Shareholders (Members) in the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

4. SHARE CAPITAL

During the financial year 2017-2018 ended 31st March 2018 under review, there is no change in the capital structure of the Company and accordingly, the issued, subscribed and paid-up share capital of the Company stand at ₹ 1,802,194,480/- divided into 180,219,448 equity shares of face value of ₹ 10/- each, as on 31st March 2018.

5. MARKET SCENARIO

Due to better GDP growth and good monsoon in current financial year, the Automobile and Auto Component Industry is expected to perform well with a growth rate of 18%. Sunflag Steel also expect an enhancement in its sales by entering into new markets and products, apart from development of high value products and more approvals of various OEM's, with demand is expected to remain strong in near future. However, we need to prepare ourselves to face long term challenges that might be presented due to the advent of Electric Vehicles in Indian Markets.

6. COMPANY'S OPERATIONS OR OVERALL WORKING PERFORMANCE

During the financial year 2017-2018 ended 31st March 2018 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 2017-2018	Financial Year 2016-2017
1	Direct Reduction Plant (I + II)	131,293	114,233
2	Steel Melt Shop	384,269	342,181
3	Rolled products	381,905	366,417
4	Mini Blast Furnace (Hot Metal)/Pig Iron	319,598	264,063
5	Coal (Belgaon Coal Block)	270,000	153,015
6	Power Plant (Lakh kWh)	1793.49	1674.59

7. PROJECTS

Steel Plant:-

With a view to utilize the full potential of Rolling Mill at Blooming Mill, the Company has undertaken expansion of this unit to produce Rolled Products demanding a higher degree of reduction ratio from bigger size blooms as far as possible by rolling with a single heating, and thus reducing energy, cost & scale loss and inventory of intermediate products.

Also, the Company is expanding its existing Steel Melt Shop to produce high quality clean steel. This will enable the Company to diversify its products.

Overall capital outlay for these projects are estimated at ₹ 450.00 Crores and shall be executed over a period of 24 months.

Subsidiary Companies:-

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

There were no specific developments or updates for reporting to the Members 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.

Sunflag Special Steels Limited [CIN – U 27102 OR 2003 PLC 007099]:-

The Company, in absence of viability to continue, has voluntarily made an application on 27th March 2017 and submitted requisite documents for strike-off (closure) of name of the Company and a confirmation from the Office of the Registrar of Companies, Odisha, Cuttack about the Striking-off of its Name pursuant to Section 248 of the Companies Act, 2013. In response to Company's subject application, the Company has received an Order dated 7th February 2018, from the Office of the Registrar of Companies, Odisha, Cuttack stating that effective 7th February 2018, the name of the Company has been struck-off from their records and accordingly, the Company stands dissolved.

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

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

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

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

Joint Venture (JV) Companies:-

Madanpur (North) Coal Company Private Limited [CIN – U 10101 CT 2007 PTC 020161]:-

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

C T Mining Private Limited [CIN – U 10100 JH 2008 PTC 013329]:-

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

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

Its a Joint Venture (JV) Company between Sunflag, 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 lakhs) constituting twenty percent (20%) of the issued, subscribed and paid-up share capital of the said JV Company. The said JV Company is engaged in the business of manufacturing, import, export and distribution in die, mould steel (tool steel and other metallic materials), processed products and mould parts.

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

Sunflag jointly with Stumpp Schuele & Somappa Springs Private Limited, Bengaluru has formed and incorporated a Joint Venture (JV) Company namely Ramesh Sunwire Private Limited on 31st October 2016 in the State of Maharashtra. Sunflag has contributed a sum of ₹ 22,050,000/- towards subscription to share capital of the said JV Company – namely Ramesh Sunwire Private Limited constituting 49% of its equity shareholding. The main object of the said JV Company is manufacturing high quality of alloy steel wire for automobile and auto component industries both in domestic and export markets. Further during the financial year 2017-2018 ended 31st March 2018 under review, Sunflag has contributed an additional sum of ₹ 1,50,00,000 for issue and allotment of shares of the said JV Company.

The CAPEX orders placed by the said JV Company are in transit and expected to reach during the second quarter (Q-2) of financial year 2018-2019. The plant is under erection stage and expected to be commissioned by the end of December 2018.

Present Status of Coal and Minerals Mines:-

SN	Name of Mine	Area in (Ha.)	Mineral	Present Status
1	Belgaon Coal Mine, at Village, Balgoan (Deshpande), Tah.Warora, Dist. Chandrapur, Maharashtra	383.56	Coal	Underground Coal mine having estimated reserves of 8 millions tons (MT) with extractable balance of about 6.23 MT
2	Navegaon Manganese Mine at Village Navegaon, Tah. Mohadi, Dist. Bhandara, Maharashtra	15.90	Manganese Ore	Open cast mine with reserves of about 30,000 tons
		48.78	Manganese Ore	Application for conversion of Prospecting Licence into Mining Lease is under process

3	Warpani Manganese Ore Block at Village Warpani, Tah. Saoner, Dist. Nagpur, Maharashtra	1419.65	Manganese Ore	Application for conversion of Prospecting Licence into Mining Lease over an area of 460 Ha is under process
4	Bande Iron Ore block, at Village Bande, Tah. Ettapalli, Dist. Gadchiroli, Maharashtra	236.75	Iron Ore	Application for conversion of Prospecting Licence into Mining Lease over an area of 205.75 Ha is under process
5	Kodalibad Iron and Manganese Ore Mine Village - Kodalibad, Tah - Noamundi, Dist. - Singhbhum / Jharkhand	120.00	Iron and Manganese Ore	Mining Lease is yet to be executed

8. NATURE OF BUSINESS ACTIVITIES AND CHANGES THEREOF

During the financial year 2017-2018 ended 31st March 2018 under review, the Board of Directors, though exploring addition to existing business and commercial activities, had neither been explored any change in nature of business and commercial activities for the Company nor there is a change in nature of business and commercial activities of the Company. As such, no specific details regarding change in nature of business activities are required to be given or provided.

9. PUBLIC DEPOSITS

During the financial year 2017-2018 ended 31st March 2018 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) are required to be given or provided.

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

I. CHANGES AMONGST THE PROMOTER DIRECTOR:-

Mr. Suhrit Bhardwaj (DIN - 02318190), who was appointed, as an Additional Director [Category - Promoter, Non-executive & Non-Independent] of the Company, effective 27th March 2017, has been appointed, as a Director [Category - Promoter, Non-executive & Non-Independent] of the Company, by the Shareholders (Members) of the Company at their Thirty-first (31st) Annual General Meeting of the Company held on 28th September 2017.

II. CHANGES AMONGST THE EXECUTIVE DIRECTOR/S:-

a) The Board of Directors at its 164th meeting held on 14th August 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 33rd meeting held on 14th August 2017, has approved and re-appointed, Mr. Surendra Kumar Gupta (DIN - 00054836), as the Deputy Managing Director, [Category - Non-Promoter & Executive], designated Key Managerial Personnel (KMP) of the Company, for a further period of three (3) years effective 30th July 2017.

The Shareholders (Members) of the Company, at their Thirty-first (31st) Annual General Meeting held on 28th September 2017, has approved, the re-appointment of Mr. Surendra Kumar Gupta, (DIN - 00054836), as the Deputy Managing Director, [Category - Non-Promoter & Executive], designated Key Managerial Personnel (KMP) of the Company, for a further period of three (3) years effective 30th July 2017.

b) The Board of Directors at its 164th meeting held on 14th August 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 33rd meeting held on 14th August 2017, has approved and appointed, CA R. Muralidhar (DIN - 00982212), as an Additional Director [Category - Non-Promoter & Executive], effective 14th August 2017, and also, the Whole-time Director, designated as the Executive Director (Finance) [Category - Non-Promoter & Executive] & CFO, designated Key Managerial Personnel (KMP) of the Company, for a period of three (3) years effective 14th August 2017.

The Shareholders (Members) of the Company, at their Thirty-first (31st) Annual General Meeting held on 28th September 2017, has approved, the appointment of CA R. Muralidhar (DIN - 00982212), as the Whole-time Director, designated as Executive Director (Finance), [Category - Non-Promoter & Executive] & CFO, designated Key Managerial Personnel (KMP) of the Company, for a period of three (3) years effective 14th August 2017.

c) The Board of Directors at its 164th meeting held on 14th August 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 33rd meeting held on 14th August 2017, has approved and appointed, Mr. Ramchandra Vasant Dalvi (DIN - 00012065), as an Additional Director [Category - Non-Promoter & Executive], effective 14th August 2017, and also, the Whole-time Director, designated as an Executive Director (Works), designated Key Managerial Personnel (KMP) of the Company, for a period of three (3) years effective 14th August 2017.

The Shareholders (Members) of the Company, at their Thirty-first (31st) Annual General Meeting held on 28th September 2017, has approved, the appointment of Mr. Ramchandra Vasant Dalvi (DIN - 00012065), as the Whole-time Director, designated as Executive Director (Works), [Category - Non-Promoter & Executive], designated Key Managerial Personnel (KMP) of the Company, for a period of three (3) years effective 14th August 2017.

III. CHANGES AMONGST KEY MANAGERIAL PERSONNEL (KMP):-

Apart from change/s referred to in (II) above, there is no other change/s in the Key Managerial Personnel (KMP) of the Company and accordingly, Mr. Pranav Bhardwaj [Managing Director], Mr. Surendra Kumar Gupta [Deputy Managing Director], CA R. Muralidhar [Executive Director (Finance) & CFO], Mr. Ramchandra Vasant Dalvi [Executive Director (Works)] and CS Pranab Panigrahi [Company Secretary] of the Company, continued to act as the Key Managerial Personnel (KMP) of the Company pursuant to the provisions of Section 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended).

IV. CHANGES AMONGST THE INDEPENDENT DIRECTOR/S:-

The Shareholders (Members) of the Company, at their Thirty-first (31st) Annual General Meeting held on 28th September 2017, has approved the followings:-

- a) the appointment of Dr. E. R. C. Shekar (DIN - 00013670), Director [Category - Non-executive, Independent] of the Company, for a fixed second term of consecutive five (5) years i.e. from the conclusion of Thirty-first (31st) Annual General Meeting up to the conclusion of Thirty-sixth (36th) Annual General Meeting of the Company to be held for the financial year 2021-2022.
- b) the appointment of Mr. Kumar Jitendra Singh (DIN - 00626836), Director [Category - Non-executive, Independent] of the Company, for a fixed second term of consecutive five (5) years i.e. from the conclusion of Thirty-first (31st) Annual General Meeting up to the conclusion of Thirty-sixth (36th) Annual General Meeting of the Company to be held for the financial year 2021-2022.
- c) the appointment of Mr. S. Gajendran (DIN - 00250136), Director [Category - Non-executive, Independent] of the Company, for a fixed second term of consecutive two (2) years i.e. from the conclusion of Thirty-first (31st) Annual General Meeting up to the conclusion of Thirty-third (33rd) Annual General Meeting of the Company to be held for the financial year 2018-2019.
- d) the appointment of CA Jayesh M. Parmar (DIN - 00802843), Director [Category - Non-executive, Independent] of the Company, for a fixed second term of consecutive two (2) years i.e. from the conclusion of Thirty-first (31st) Annual General Meeting up to the conclusion of Thirty-third (33rd) Annual General Meeting of the Company to be held for the financial year 2018-2019.

Apart, from the aforesaid change/s in the Independent Director/s of the Company,

- a) the Board of Directors at its 165th meeting held on 28th September 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 34th meeting held on 28th September 2017, has approved and appointed, Mr. Rooshad Russi Patel, (DIN - 00473945), as an Additional Director, [Category – Non-executive, Independent], of the Company, effective 29th September 2017, to hold the office till the conclusion of Thirty-second (32nd) Annual General Meeting of the Company.
- b) Mrs. Neelam Naresh Kothari, (DIN - 06709241), Director [Category – Non-executive, Independent] of the Company continued to be a Director on the Board of the Company.

V. DIRECTOR - RETIREMENT BY ROTATION:-

Pursuant to Section 152 of Companies Act, 2013 read with the Companies [Appointment and Qualification of Directors] Rules, 2014 (as amended), Mr. Surendra Kumar Gupta (DIN - 00054836) Deputy Managing 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 designation and category) of the Company in the interest of the Company.

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

The term of Mr. Rooshad Russi Patel, (DIN - 00473945), as an Additional Director [Category - Non-executive, Independent], of the Company, expiring at the conclusion of the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

The Board recommends appointment of Mr. Rooshad Russi Patel, (DIN - 00473945), as a Director, [Category – Non-executive, Independent] of the Company, to hold the office for a fixed first term of consecutive five (5) years, i.e. from the conclusion of Thirty-second (32nd) Annual General Meeting to be held for the financial year 2017-2018, up to the conclusion of Thirty-seventh (37th) Annual General Meeting of the Company to be held for the financial year 2022 - 2023, in the interest of the Company.

The Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a Member proposing the candidature of Mr. Rooshad Russi Patel, (DIN - 00473945), for the office of a Director of the Company.

The Company has also received the self-declaration/s from Mr. Rooshad Russi Patel, (DIN - 00473945), to the effect that, (i) he was or is not disqualified from being appointed as a Director of the Company in terms of the provisions of Section 164 of the Companies Act, 2013 and have submitted his consent to act as a Director of the Company; (ii) he was or is not debarred from holding the office of a Director pursuant to any order of the SEBI or such other authority in terms of SEBI's Circular No. LIST/COMP/14/2018-19 dated 20th June 2018 on the subject "Enforcement of SEBI Orders regarding appointment of Directors by listed companies"; and, (iii) he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) and 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ["Listing Regulations"].

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

11. PROPOSED CHANGE/S PURSUANT TO THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) (AMENDMENT) REGULATIONS, 2018, PLACED BEFORE MEMBERS FOR THEIR APPROVAL:-

- a) Based on the Report of the Committee on Corporate Governance chaired by Mr. Uday Kotak, the Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["Listing Regulations"], vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 published in the Official Gazette on 9th May 2018. Save as otherwise specifically provided for in these regulations, they shall come into force from 1st April 2019. According to the new provisions, a person who has attained the age of seventy-five (75) years can continue directorship in a listed company as a non-executive director only after the concerned listed company has taken the approval of its shareholders (members) by way of a special resolution. The said provision comes into effect from 1st April 2019.

Mr. Ravi Bhushan Bhardwaj, [DIN-00054700], Non-executive Chairman of the Company, [DOB – 23rd October 1943], is attaining the age of seventy-five (75) years, on 23rd October 2018, whereas, Dr. Edayathimangalam Ramnath Chandra Shekar, commonly known as Dr. E. R. C. Shekar, [DIN – 00013670], Non-executive & Independent Director of the Company, [DOB-20th April 1932], has already attained the age of seventy-five (75) years and is now 86 years old.

The Nomination & Remuneration Committee and in turn, the Board of Directors of the Company at their respective meeting/s held on 13th August 2018 has, unanimously approved and recommended to the Shareholders (Members) of the Company for their approval at the ensuing Thirty-second (32nd) Annual General Meeting of the Company, by way of Special Resolution, the

continuation of Mr. Ravi Bhushan Bhardwaj [DIN – 00054700], as the Non-executive Chairman of the Company, on attaining the age of seventy-five(75) years on 23rd October 2018, beyond 1st April 2019, till the cessation as a Director of the Company. and also, the continuation of Dr. E. R. C. Shekar, [DIN-00013670], who has already attained the age of seventy-five (75) years, as a Non-executive & Independent Director of the Company, beyond 1st April 2019, till the expiry of existing tenure, as an Independent Director, of the Company, (till the conclusion of Thirty-sixth (36th) Annual General Meeting of the Company to be held for the financial year 2021-2022.

- b) Based on the Report of the Committee on Corporate Governance chaired by Mr. Uday Kotak, the Securities and Exchange Board of India (SEBI) amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [“Listing Regulations”], vide SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 published in the Official Gazette on 9th May 2018. Save as otherwise specifically provided for in these regulations, they shall come into force from 1st April 2019. According to the new provisions, the approval of shareholders (members) by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent of the total annual remuneration payable to all non-executive directors, giving details of the remuneration thereof. The said provision comes into effect from 1st April 2019.

The Nomination & Remuneration Committee and in turn, the Board of Directors of the Company, at their respective meeting/s held on 13th August 2018, noted and considered, to change or modify the methodology for payment of remuneration by way of commission to Non-executive Director/s of the Company in line with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

Accordingly, the Nomination & Remuneration Committee and in turn, the Board of Directors of the Company, at their respective meeting/s held on 13th August 2018, has, unanimously approved and recommended to the Shareholders (Members) of the Company for their approval at the ensuing Thirty-second (32nd) Annual General Meeting of the Company, by way of Ordinary Resolution, the payment of remuneration by way of commission, not exceeding a sum equivalent to one percent (1%) of net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid to, and be distributed amongst all the Non-executive Director/s of the Company, 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, no single Non-executive Director of the Company, be paid, a sum exceeding fifty percent (50%) of total annual remuneration payable to all Non-executive Director/s of the Company, for the time being in force, for a period of five (5) financial years, effective financial year 2018-2019 till the financial year 2022-2023.

12. NUMBER OF MEETINGS OF THE BOARD

Six (6) meetings of the Board of Directors of the Company were held on (i) 4th May 2017, (ii) 26th May 2017, (iii) 14th August 2017, (iv) 28th September 2017, (v) 11th November 2017 and (vi) 12th February 2018 during the financial year 2017-2018 ended 31st March 2018 under review.

13. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors confirms:-

- 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;
- 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;
- 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;
- That the Directors had prepared the Annual Accounts (Financial Statements) on a going concern basis;
- 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
- 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 recent amendments to the Companies (Accounts) Rules, 2014 vide MCA's Notification dated 31st July 2018, the Board of Directors do confirm that the maintenance of cost records as specified by the Central Government under Sub-section (1) of Section 148 of the Companies Act, 2013, is required by the Company and accordingly, such cost accounts and records are made and maintained by the Company for the financial year 2017-2018 ended 31st March 2018.

15. COMMITTEE(S) OF THE BOARD

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

16. AUDITORS

I. STATUTORY AUDITORS AND THEIR REPORT:-

It may be recalled that the Shareholders (Members) of the Company at its Thirtieth (30th) Annual General Meeting held on 23rd September 2016, has approved and appointed, M/s. S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), as the Statutory Auditors of the Company, for a fixed first term of two (2) financial years from the conclusion of Thirtieth (30th) Annual General Meeting until the conclusion of Thirty-second (32nd)

Annual General Meeting of the Company, to be held for the financial year 2017-2018, subject to ratification by the Shareholders (Members) of the Company, at every subsequent Annual General Meeting of the Company.

Accordingly, the fixed first term of M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No.000756N, Peer Review Certificate No. 008927), as the Statutory Auditors of the Company, is expiring at the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

The provisions of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended) regarding rotation of Statutory Auditors are applicable to the Company.

Accordingly, the Company may consider the re-appointment of M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No.000756N, Peer Review Certificate No.008927), as the Statutory Auditors of the Company, for a fixed second term of not more than five (5) consecutive financial years.

Moreover, the Company is not required to place the matter relating to appointment including re-appointment of the Statutory Auditors of the Company, for ratification, by the Shareholders (Members), at every subsequent Annual General Meeting of the Company, in terms of deletion of First Proviso to Section 139(1) of Companies Act, 2013 vide the Companies (Amendment) Act, 2017 effective 7th May 2018.

Messrs S.S.Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), the Statutory Auditors have furnished a Certificate of their consent, qualification and eligibility for appointment including re-appointment under Section 139 and 141 of the Companies Act, 2013 read with the rules and regulations made thereunder.

Accordingly, the Audit Committee at its 69th Meeting held on 13th August 2018, and in turn, on the basis of their recommendations, the Board of Directors of the Company at its 169th Meeting held on 13th August 2018, has duly noted, considered, reviewed, approved and recommended, the appointment including payment of remuneration, of M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No.000756N, Peer Review Certificate No.008927), as the Statutory Auditors of the Company, for a consecutive two (2) financial years, i.e. to hold office from the conclusion of this Thirty-second (32nd) Annual General Meeting till the conclusion of the Thirty-fourth (34th) Annual General Meeting of the Company to be held for the financial year 2019-2020, to the Shareholders (Members) at their Thirty- second (32nd) Annual General Meeting of the Company, for their approval thereof.

The Auditors' Report submitted by Messrs S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), the Statutory Auditors, to the Shareholders (Members) of the Company, for the financial year 2017-2018 ended 31st March 2018 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 explanation/s by the Company.

During the financial year 2017-2018 ended 31st March 2018 under review:-

- a) there is no fraud occurred, noticed and/or reported by the Statutory Auditors under Section 143(12) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (as amended);
- b) the observations made by the Statutory Auditors on the financial statements for the financial year 2017-2018 ended 31st March 2018 under review including the affairs of the Company are self-explanatory and do not contain any qualification, reservation, adverse remarks or disclaimer thereof.

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

II. COST AUDITORS AND THEIR REPORT:-

Pursuant to Section 148 of the Companies Act 2013, the Board of Directors, on the recommendations of the Audit Committee, of the Company, has approved and re-appointed, M/s. G. R. Paliwal & Company, Cost Accountants, Nagpur, (Membership No. 7815), as the Cost Auditors of the Company for the financial year 2018-2019 ending 31st March 2019 and also recommended their remuneration to the Shareholders (Members) for their ratification at the ensuing Thirty-second (32nd) Annual General Meeting of the Company.

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

Pursuant to the applicable provisions of the Act read with the rules made there under, the Statements, Annexures, Proforma, annexed to the Cost Audit Report in Form No. CRA-3, to be submitted by the said Cost Auditors with the Central Government in e-Form No. CRA-4, for the financial year 2016-2017 ended 31st March 2017, was filed vide SRN G52121639 dated 5th September 2017.

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 2017-2018 ended 31st March 2018, 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, [Membership No. FCS-4343 & Certificate of Practice No. 13693], were appointed as the Secretarial Auditors of the Company, for the financial year 2017-2018 ended 31st March 2018.

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

Further, the Board of Directors of the Company at its 169th meeting held on 13th August 2018, on the recommendations of the Audit Committee, of the Company, has approved and re-appointed, M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur, [Membership No. FCS-4343 & Certificate of Practice No. 13693], as the Secretarial Auditors of the Company for the financial year 2018-2019 ending 31st March 2019.

IV. INTERNAL AUDITORS AND THEIR REPORT:-

M/s. AKMK & Associates, Chartered Accountants, Surat [ICAI Firm Registration No.136206W] and M/s. Nitin Alshi & Associates, Chartered Accountants, Nagpur, [ICAI Firm Registration No.116875W] were appointed as the Internal Auditors and Joint Internal Auditors, respectively, of the Company, for the financial year 2017-2018 ended 31st March 2018, pursuant to the provisions of Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 and relevant SEBI Regulations including the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

The Internal Audit finding/s and report/s submitted by the said Internal Auditor/s, from time to time, during the financial year 2017-2018 ended 31st March 2018, to the Audit Committee and Board of Directors of the Company, do not contain any adverse remarks and qualifications, is self-explanatory and do not call for any further explanation/s by the Company.

M/s. AKMK & Associates, Chartered Accountants, Surat, [ICAI Firm Registration No. 136206W] will continue to act as the Internal Auditors of the Company, as approved and appointed, on the recommendations of the Audit Committee of the Company, by the Board of Directors of the Company, at its 153rd meeting held on 12th August 2015, for a period of five (5) financial year/s, from the financial year 2015-2016 to the financial year 2019-2020 ending 31st March 2020.

Further, the Board of Directors of the Company, on the recommendations of the Audit Committee of the Company, at its 169th meeting held on 13th August 2018, has approved and appointed, M/s. Nitin Alshi & Associates, Chartered Accountants, Nagpur, [ICAI Firm Registration No.116875W], as the Joint Internal Auditors of the Company, for the financial year 2018-2019 ending 31st March 2019.

17. PERSONNEL / PARTICULARS OF EMPLOYEES

The information required to be provided pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended), 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 2017-2018 ended 31st March 2018:-

Executive Directors	Ratio to Median remuneration
Mr. Pranav Bhardwaj - Managing Director	24.85:1
Mr. Surendra Kumar Gupta - Deputy Managing Director	17.30:1
Mr. R. Muralidhar - Director (Finance) & CFO	14.72:1
Mr. Ramchandra Vasant Dalvi - Whole-time Director	11.70:1

- b) The percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the financial year 2017-2018 ended 31st March 2018:-

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration over previous financial year
Mr. Pranav Bhardwaj - Managing Director	10.96
Mr. Surendra Kumar Gupta - Deputy Managing Director	13.06
CA R. Muralidhar - Executive Director (Finance) & Chief Financial Officer (CFO)	11.48
Mr. Ramchandra Vasant Dalvi - Executive Director (Works)	7.38
CS Pranab Panigrahi - Company Secretary	3.17

- c) The percentage increase in the median remuneration of employees in the financial year 2017-2018 ended 31st March 2018 : 8.40%
- d) The number of permanent employees on the rolls of Company as on 31st March 2018 : 1,235
- e) The average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- ▲ The average annual increase was about 8.40%. During the financial year, the total increase is approximately 3.77% after accounting for promotions and other event based compensation revisions.
 - ▲ The increase in the managerial remuneration for the financial year 2017-2018 ended 31st March 2018 was around 10.51%, other than commission based on net profit as per the terms of their appointment.
- f) Affirmation : The remuneration paid to Director/s, Key Managerial Personnel and Employees of the Company is as per the remuneration policy of the Company.
- g) The details or information as per Section 197 of the Companies Act, 2013 ("the Act") read with Rule 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 (as amended), forms part of this report. However, in terms of Section 136(1) of the Act, the Report and Financial Statements are being sent to all the Shareholders (Members) and others entitled to receive the same, excluding the statement of particulars of employees. The statement is available for inspection by the Shareholders (Members) at the Registered Office of the Company during business hours on any working day up to the date of the ensuing Thirty-second (32nd) Annual General Meeting. If any Shareholder (Member) interested in obtaining a copy thereof, such Shareholder (Member) may write to the Company Secretary, whereupon a copy would be sent to the concerned Shareholder (Member) of the Company.

18. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES EARNINGS AND OUTGO

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

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

Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions, including the value, if any	Dates of approval by the Board, if any	Amount paid as advance, if any
Sunflag Power Limited - Wholly-owned subsidiary	Interest Free Unsecured Loan	Continuing	Not Applicable	26.05.2017 and ratified on 28.05.2018	₹ 12,93,841 for the financial year 2017-2018
Ramesh Sunwire Private Limited - Associate (JV) Company	Additional Investment in Equity Share Capital	Not Applicable	Not Applicable	26.05.2017, 11.11.2017 and ratified on 28.05.2018	₹ 1,50,00,000 during the financial year 2017-2018

20. 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:-

Form No. AOC – 2

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

Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions, including the value, if any	Dates of approval by the Board, if any	Amount paid as advance, if any
Haryana Television Limited	Ordinary Course of Business and at Arm's length	Continuing	Refundable Security deposit	26.05.2017 and ratified on 28.05.2018	₹ 21,07,573 as on 31 st March 2018
Haryana Television Limited	Ordinary Course of Business and at Arm's length	Continuing	Rent paid for Company's Godown at Faridabad	26.05.2017 and ratified on 28.05.2018	Rent : ₹ 49,50,750 for the financial year 2017 - 2018
Mr. Suhrit Bhardwaj	Ordinary Course of Business and at Arm's length	Continuing	Refundable Security deposit	26.05.2017 and ratified on 28.05.2018	₹ 10,00,000 as on 31 st March 2018
Mr. Suhrit Bhardwaj	Ordinary Course of Business and at Arm's length	Continuing	Rent paid for Company's Transit House	26.05.2017 and ratified on 28.05.2018	Rent : ₹ 5,17,500 for the financial year 2017 - 2018

21. LISTING OF SHARES

The Equity Shares in the capital of the Company continued to be listed with and actively traded on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The listing fees for the financial year 2018-2019 ending 31st March 2019 have been paid to both the Stock Exchanges (BSE & NSE) within the normal stipulated time.

22. DEMATERIALISATION OF SHARES

As on 31st March 2018, there were approximately 1104.97 lakhs Equity Shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents about 61.3127% of the total issued, subscribed and paid-up capital of the Company.

23. EXTRACT OF THE ANNUAL RETURN

The extract of the Annual Return for the financial year 2017-2018 ended and as on 31st March 2018 pursuant to the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 (as amended) is furnished in the **Annex – D** attached to this report, which forms an integral part of the Board's Report of the Company.

24. 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 Notes annexed to the Notice convening the Thirty-second (32nd) Annual General Meeting of the Company. To avoid repetition, the Shareholders (Members) of the Company are advised to refer the said Notes for detailed information on the subject matter.

25. TRANSFER OF SHARES PERTAINING TO UNCLAIMED DIVIDEND 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) effective 7th September 2016. The said Rules, amongst other matters, contain provisions for transfer of

all shares in respect of which dividend has not been claimed for seven (7) consecutive years or more, in the name of 'IEPF Demat Account'. Accordingly, the Company has transferred 30,91,699 Equity Shares constituting about 1.716% of the total issued, subscribed and paid-up share capital, including of 28,050 Equity Shares of "Unclaimed Suspense Account", which was created pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015 effective 3rd August 2015. 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 (Members) or Investors of the Company.

26. 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 2017-2018 ended & as of 31st March 2018 relating to the Listing Regulations. A Certificate from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur, (Membership No. FCS-4343, Certificate of Practice No. 13693) confirming compliance with conditions as stipulated under Listing Regulations is annexed to the Corporate Governance Report, which forms an integral part of the Board's Report of the Company.

27. 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 about three (3) villages in the radius of 5 Kms. The Company is having its captive Coal Mines at Belgaon, Village Belgaon, Tahsil Warora, District Chandrapur, in the State of Maharashtra. The Company's CSR activities as per its CSR Policy are strictly implemented in all the areas close to the manufacturing facilities (Steel Plant) and Coal Mines of the Company.

All the activities and programmes covered under SISCO CSR are being monitored by the CSR Committee and are implemented by the CSR Sub-committee of the Company.

Sunflag Foundation [CIN - U74999MH2017NPL289961] - a Section 8 Company (not for profits) was incorporated on 27th January 2017 as a Wholly-owned Subsidiary of Sunflag Iron and Steel Company Limited. The said Company was appointed as an Implementing Agency to carry out the Corporate Social Responsibility (CSR) activities as per CSR Policy of the Company within the framework of applicable provisions of law.

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

28. 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;
- vii) Policy on Document Preservations (Regulation 9 of the SEBI (LODR) Regulations, 2015);
- viii) Policy for determining of 'material' Subsidiary (Regulation 16 of the SEBI (LODR) Regulations, 2015);
- ix) Policy on materiality of related party transaction/s and on dealing with related party transaction/s (Regulation 23 of the SEBI (LODR) Regulations, 2015); and
- x) Policy for determination of materiality, based on specified criteria and accordingly, grant authorisation for determination of materiality of events (Regulation 30 of the SEBI (LODR) Regulations, 2015).

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

29. MATERIAL DEVELOPMENT IN HUMAN RESOURCES

HUMAN RESOURCES

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

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

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

SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

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

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

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

HEALTH AND SAFETY

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

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

30. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

During the financial year 2017-2018 ended 31st March 2018 under review, there are 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 to which the financial statements relates and the date of this Board's Report. As such, no specific details are required to be given or provided.

32. 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 2017-2018 ended 31st March 2018 under review, 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.

33. OTHER DISCLOSURES

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

34. ENCLOSURES

- a) Annex – A : Annual Report on Corporate Social Responsibility (CSR) activities together with expenditure details;
- b) Annex – B : Secretarial Auditors Report in Form No. MR-3;
- c) Annex – C : Report on Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo;
- d) Annex – D : Extract of Annual Return for the financial year 2017-2018 ended & as of 31st March 2018 in the prescribed Form No. MGT-9; and
- e) Annex – E : Certificate pursuant to Section 22 & 28 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

35. ACKNOWLEDGMENT

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

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

For and on behalf of the Board

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

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. : The Board of Directors of the Company has constituted the Corporate Social Responsibility (CSR) Committee to implement and 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, was 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 [Training and Skill Development], Health Care, Drinking Water and Sanitation, 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 of, Schedule VII to, the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014.
The Shareholders (Members) are requested to refer the CSR Policy of the Company for more specific details, the same together with details of activities, expenditure, etc. are placed on the Company's Website www.sunflagsteel.com
2. The Composition of the CSR Committee : **Chairman of the Committee:-**
Mr. Ravi Bhushan Bhardwaj - Non-executive Chairman
Members of the Committee:-
1. Dr. E.R.C. Shekar - Non-executive, Independent Director
2. CA Jayesh M. Parmar - Non-executive, Independent Director
3. Mr. Surendra Kumar Gupta - Deputy Managing Director
3. Average net profit of the company for last three financial years (Amount in Lakhs) : ₹ 74,81,93,386
4. Prescribed CSR Expenditure [two percent (2%) of the amount as in item 1 above] : ₹ 1,49,63,868
5. Details of amount spent during the financial year on CSR activities : ₹ 1,50,58,583
1. Total amount to be spent for the Financial Year : Out of the total sum of ₹ 1,50,58,583, the Company has already allocated & incurred, a sum of ₹ 83,92,857 and a sum of ₹ 66,65,726 have been allocated for capital expenditure of various approved CSR activities, against the total mandated sum of ₹ 1,49,63,868 to be spent during the Financial year 2017-2018 ended 31st March 2018.
2. Amount unspent, if any;
3. Manner in which the amount spent during the financial year : The manner in which the amount spent is detailed in the Annex I

Annex – I
CORPORATE SOCIAL RESPONSIBILITY - EXPENDITURE : FY 2016 -2017

(Amount in ₹)

CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
Integrated Rural developments close to the manufacturing facilities (Steel Plant) of the Company as well as Coal Block (Mine) of the Company at Belgaon, both in the State of Maharashtra	Health Care	Villages namely	2,75,000	2,71,723	2,71,723	The Company has carried out CSR activities and spent the requisite expenditure for the CSR activities either directly by the Company or through its implementing agency namely 'Sunflag Foundation', a Section 8 Company (not for Profits), a Wholly-owned Subsidiary of the Company
	Education - Training & Skill Development	Warthi, Sirsi, Eklari, Atmurti, Dongargaon, Yensa etc. all in the State of Maharashtra, close to the Company's manufacturing facilities (Steel Plant) and Belgaon Coal Block (Mine)	65,000	63,000	3,34,723	
	Rural Development		33,60,000	33,36,000	36,70,723	
	i) Drinking water and Sanitation, ii) Flora & Fauna iii) Construction of Rural Roads iv) Participation in Swachha Bharat Abhiyan etc.		39,00,000	38,30,694	75,01,417	
		Total	76,00,000	75,01,417	75,01,417	

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

Dr. E.R.C. Shekar
Director [DIN - 00013670]

Surendra Kumar Gupta
Deputy Managing Director [DIN - 00054836]

Annex – I

CORPORATE SOCIAL RESPONSIBILITY - EXPENDITURE : FY 2017 -2018

(Amount in ₹)

CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overhead	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency
Integrated Rural developments close to the manufacturing facilities (Steel Plant) of the Company as well as Coal Block (Mine) of the Company at Belgaon, both in the State of Maharashtra	Education - Training	Villages namely Warthi, Sirsi, Eklari, Atmardi, Dongargaon, Yensa etc. all in the State of Maharashtra, close to the Company's manufacturing facilities (Steel Plant) and Belgaon Coal Block (Mine)	8,25,000	8,18,699	8,18,699	The Company has carried out CSR activities and spent the requisite expenditure for the CSR activities either directly by the Company or through its implementing agency namely 'Sunflag Foundation', a Section 8 Company (Not for Profits), a Wholly-owned Subsidiary of the Company. *During the financial year 2017-2018 ended 31 st March 2018, the Company has allocated a total sum of ₹ 1,52,00,000 for spending towards various CSR activities as per CSR Policy of the Company. Out of which, a total sum of ₹ 83,92,657/- has already been spent and a sum of ₹ 66,65,726/- has been allocated towards capital expenditure for the various ongoing approved CSR activities of the Company.
	Rural Development - i) Drinking water and Sanitation		32,25,000	3,22,23,542	40,41,241	
	ii) Flora & Fauna		5,70,000	5,64,116	46,05,357	
	iii) Construction of Rural roads		2,30,000	2,00,000	48,05,357	
	iv) Participation in Swachha Bharat Abhiyan etc.		17,00,000	5,95,000 11,05,000*	54,00,375 11,05,000*	
	Ongoing Projects:		5,50,000	1,92,500 3,57,500*	55,92,857 14,62,500*	
	i) Construction of Rural Roads		10,00,000	3,50,000 6,50,000*	59,42,847 21,12,500*	
	ii) Health Care		71,00,000	24,50,000 45,53,226*	83,92,657 66,65,726*	
	iii) Drinking Water and Sanitation					
	iv) Education - Training & Skill Development					
			1,52,00,000	83,92,857 66,65,726*	83,92,657 66,65,726*	
The CSR Committee confirms that the implementation of CSR Policy is in compliance with the CSR Objectives and Policy of the Company.						
Dr. E.R.C. Shekar Director [DIN - 00013670]			Surendra Kumar Gupta Deputy Managing Director [DIN - 00054836]			

ANNEX 'B' TO BOARD'S REPORT**Form No. MR – 3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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

To

The Members

Sunflag Iron and Steel Company Limited

CIN - L27100 MH 1984 PLC 034003

33, Mount Road, Sadar, Nagpur - 440001

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, review of management representation letter along with quarterly compliance reports by respective department heads, Company Secretary, Chief Financial Officer, Deputy Managing Director, noted and taken on record by the Board of Directors of the Company at their meeting/s, and also the information and explanation provided by the Company, its officers, agents and authorised representatives, during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year 2017-2018 ended 31 March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year 2017-2018 ended 31 March 2018 according to the provisions of :-

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

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

- I) The Secretarial Standards (SS–1 for Meetings of the Board of Directors, SS–2 for General Meetings and SS-3 for Dividend) issued by the Institute of Company Secretaries of India and notified by the Ministry of Corporate Affairs, to the extent and as may be applicable to the Company.
 - II) The Uniform Listing Agreement/s entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).
- During the audit period [financial year 2017-2018 ended 31 March 2018] under review, the Company has duly complied with the provisions of the Act, Rules, Regulations, 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; The Mines and Mineral (Regulation and Development) Act, 1957; and the Rules made there under;
- ii) The Explosives Act, 1884 and the Rules made there under;
- iii) The Environment (Protection) Act, 1986 and the Rules made there under;
- iv) The Water (Prevention and Control of Pollution) Act, 1974; and Rules made there under;

- v) The Air (Prevention and Control of Pollution) Act, 1981 and the Rules made there under;
- vi) Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016; and Manufacture, Storage and Import of Hazardous Chemical Rules, 1989;
- vii) The Indian Boilers Act, 1923;
- viii) The Indian Electricity Act, 1910; The Electricity Act, 2003; and the Rules made there under; and
- ix) Legal Metrology Act, 2009.

We further report that :-

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

Mr. Edayathimangalam Ramnath Chandra Shekar [Commonly known as Dr. E. R. C. Shekar], (DIN - 00013670), Director [Category - Non-executive & Independent], of the Company, has been named as a Disqualified Director under the provisions of Section 164(2)(a) of the Companies Act, 2013 by the Office of the Registrar of Companies, NCT of Delhi & Haryana, New Delhi. We were informed that Dr. E. R. C. Shekar has submitted to the Board of Directors of the Company that, he has resigned from the Company namely Jaypee SPA Infocom Limited (Jaypee), which defaulted in compliance/s of the provision/s of the Companies Act, 2013 related to filing of annual financial statements and annual returns, effective 30 March 2011 and filed e-Form No. 32 in respect of his resignation vide SRN B23437767 dated 24 October 2011. Jaypee has filed another e-Form No. 32 on 23 December 2012 appointing him as a Director effective 31 March 2011 without his consent or knowledge in gross violation of the provisions of the Companies Act, 1956. Further, Dr. E. R. C. Shekar [through the other Company namely Nava Bharat Ventures Limited], has filed a complaint in the e-Form No. CG-1 (including an attachment namely Form No. DIR-10) vide SRN G56422264 dated 14 October 2017 before the Office of the Registrar of Companies, NCT of Delhi & Haryana, New Delhi, to reject the e-Form No. 32 filed by Jaypee on 23 December 2012 for appointing him as a Director of Jaypee effective 31 March 2011 without his consent and to take necessary action against the said Company - Jaypee and its concerned Director/s, and also, to remove his name as a Disqualified Director. The said complaint filed before the Office of the Registrar of Companies, NCT of Delhi & Haryana, New Delhi, is under process. After due consideration of aforesaid facts, submissions together with documentary evidence, the Board of Directors of the Company took the unanimous view that the name of Dr. E. R. C. Shekar was wrongly included in the list of Disqualified Director/s and accordingly, the concerned authorities should take necessary action in the subject matter.

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

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

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

We further report that during the audit period [financial year 2017-2018 ended 31 March 2018], 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, Guidelines, Standards, etc.:-

Changes in Promoter/s and their Shareholding

- (i) Mr. Suhrit Ravi Bhushan Bhardwaj [DIN – 02318190], who was appointed, as an Additional Director, [Category – Promoter & Non-executive] of the Company, effective 27 March 2017, has been appointed, as a Director [Category - Promoter, Non-executive & Non-Independent] of the Company, by the Shareholders (Members) of the Company at their Thirty-first (31) Annual General Meeting of the Company held on 28 September 2017.
- (ii) The Board of Directors at its 164 meeting held on 14 August 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 33 meeting held on 14 August 2017, has approved and re-appointed, Mr. Surendra Kumar Gupta [DIN – 00054836], as the Deputy Managing Director, [Category – Non-Promoter & Executive], designated Key Managerial Personnel (KMP), of the Company for a further period of three (3) years effective 30 July 2017. The Shareholders (Members) of the Company, at their Thirty-first (31) Annual General Meeting held on 28 September 2017, has approved, the re-appointment of Mr. Surendra Kumar Gupta [DIN – 00054836], as the Deputy Managing Director, [Category – Non-Promoter & Executive], designated Key Managerial Personnel (KMP), of the Company, for a further period of three (3) years effective 30 July 2017.
- (iii) The Board of Directors at its 164 meeting held on 14 August 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 33 meeting held on 14 August 2017, has approved and appointed, CA R. Muralidhar [DIN – 00982212], as an Additional Director, [Category – Non-Promoter & Executive], effective 14 August 2017, and also, the Whole-time Director, designated as the Executive Director (Finance), [Category – Non-Promoter & Executive] & CFO, designated Key Managerial Personnel (KMP), of the Company, for a period of three (3) years effective 14 August 2017. The Shareholders (Members) of the Company, at their Thirty-first (31) Annual General Meeting held on 28 September 2017, has approved, the appointment of CA R. Muralidhar [DIN – 00982212], as the Whole-time Director, designated as the Executive Director (Finance), [Category – Non-Promoter & Executive] & CFO, designated Key Managerial Personnel (KMP), of the Company, for a period of three (3) years effective 14 August 2017.
- (iv) The Board of Directors at its 164 meeting held on 14 August 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 33 meeting held on 14 August 2017, has approved and appointed, Mr. Ramchandra Vasant Dalvi [DIN – 00012065], as an Additional Director, [Category – Non-Promoter & Executive], effective 14 August 2017, and also, the Whole-time Director, designated as the Executive Director (Works), [Category – Non-Promoter & Executive], designated Key Managerial Personnel (KMP), of the Company, for a period of three (3) years effective 14 August 2017. The Shareholders (Members) of the Company, at their Thirty-first (31) Annual General Meeting held on 28 September 2017, has approved, the appointment of Mr. Ramchandra Vasant Dalvi [DIN – 00012065], as the Whole-time Director, designated as the Executive Director (Works), [Category – Non-Promoter & Executive], designated Key Managerial Personnel (KMP), of the Company, for a period of three (3) years effective 14 August 2017.

- (v) The Shareholders (Members) of the Company, at their Thirty-first (31) Annual General Meeting held on 28 September 2017, has approved the followings:-
- the appointment of Dr. E. R. C. Shekar [DIN – 00013670], Director [Category - Non-executive & Independent] of the Company, not liable to retire by rotation, for a fixed second term of consecutive five (5) years i.e. from the conclusion of Thirty-first (31) Annual General Meeting up to the conclusion of Thirty-sixth (36) Annual General Meeting of the Company to be held for the financial year 2021-2022.
 - the appointment of Mr. Kumar Jitendra Singh [DIN –00626836], Director [Category - Non-executive & Independent] of the Company, not liable to retire by rotation, for a fixed second term of consecutive five (5) years i.e. from the conclusion of Thirty-first (31) Annual General Meeting up to the conclusion of Thirty-sixth (36) Annual General Meeting of the Company to be held for the financial year 2021-2022.
 - the appointment of Mr. S. Gajendran [DIN –00250136], Director [Category - Non-executive & Independent] of the Company, not liable to retire by rotation, for a fixed second term of consecutive two (2) years i.e. from the conclusion of Thirty-first (31) Annual General Meeting up to the conclusion of Thirty-third (33) Annual General Meeting of the Company to be held for the financial year 2018-2019.
 - the appointment of CA Jayesh M. Parmar [DIN –00802843], Director [Category - Non-executive & Independent] of the Company, not liable to retire by rotation, for a fixed second term of consecutive two (2) years i.e. from the conclusion of Thirty-first (31) Annual General Meeting up to the conclusion of Thirty-third (33) Annual General Meeting of the Company to be held for the financial year 2018-2019.
- (vi) The Board of Directors at its 165 meeting held on 28 September 2017, based on the recommendations vide resolution passed by the Nomination & Remuneration Committee at its 34 meeting held on 28 September 2017, has approved and appointed, Mr. Rooshad Russi Patel [DIN – 00473945], as an Additional Director, [Category – Non-executive & Independent], not liable to retire by rotation, of the Company, effective 29 September 2017, to hold the office till the conclusion of Thirty-second (32) Annual General Meeting of the Company.

Signed and Issued on this Monday, the 13 August 2018 at Nagpur.

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

**CS Mukesh Dulichandji Parakh
Proprietor**

M. No. FCS - 4343, CoP No. 13693

**Nagpur
13 August 2018**

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

Annex A

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

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

1. Management's Responsibility

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

2. Auditor's Responsibility

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

3. Disclaimer

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

Signed and Issued on this Monday, the 13 August 2018 at Nagpur.

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

**CS Mukesh Dulichandji Parakh
Proprietor**

M. No. FCS - 4343, CoP No. 13693

**Nagpur
13 August 2018**

ANNEX 'C' TO BOARD'S REPORT**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014]**A. CONSERVATION OF ENERGY**

i) The following measures were taken during the financial year 2017-2018 ended 31st March 2018 under review for conservation of energy :-

- i. Replacement of DOL feeder of 132 kW product bag filter ID fan feeder with Inverter Drive for DRP-II to save the power
- ii. Replacement of DOL feeder of 132 kW combustion air fan feeder with Inverter Drive for DRP- I to save the power.
- iii. Lowering down the ideal running of PCI compressor to save the power
- iv. Optimization of ideal running of Compressor No. 1 of Sinter Plant to save the power.
- v. Partition wall relocated and Blast Furnace Gas utilization increased in Blooming Mill by new line to save fuel.
- vi. Replacement of conventional light fitting with equivalent LED fittings of entire plant to save power.
- vii. Keeping one transformer off and shifting its load on other transformer to save the power.

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

The Company is exploring the possibility of alternate source of energy

iii) The capital investment on energy conservation equipment:-

There was no capital investment on energy conservation equipment during the reporting financial year 2017-2018 ended 31st March 2018.

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

New grade developed. New Sections developed.

BENEFITS

New market development for critical auto components

FUTURE PLAN :

- i. Additional Vacuum Degassing unit with existing steam ejector system
- ii. 2 sets of 25 T Induction Furnace
- iii. Expansion of Bright Bar unit and Heat Treatment unit
- iv. Downstream of Blooming Mill
- v. Capacity enhancement of Sinter Plant
- vi. Installation of Super Alloy Steel Making
- vii. Refurbishing of Mini Blast Furnace
- viii. Installation of one Peeling & Grinding Line for Engine Valve Steel (EVS)

Expenditure on Research and Development:-

Sr. No.	Particulars	2017 - 2018	2016 - 2017
1	Capital (₹ in Lakhs)	183.65	70.00
2	Recurring (₹ in Lakhs)	46.74	14.22
3	Total (₹ in Lakhs)	230.39	84.22
4	Total R&D Expenditure as a percentage of net turnover	0.108%	0.049%

C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakh)

Particulars	2017 - 2018	2016 - 2017
i) Earnings : Export of Goods	4,770	3,445
ii) Out Go		
a) CIF Value of imports	9,868	9,575
b) Others including Technical Services	412	199

For and on behalf of the Board

Dr. E.R.C. Shekar
Director
DIN - 00013670

Surendra Kumar Gupta
Deputy Managing Director
DIN - 00054836

Nagpur
13.08.2018

ANNEX 'D' TO BOARD'S REPORT

Form No. MGT - 9

**EXTRACT OF ANNUAL RETURN
FOR THE FINANCIAL YEAR 2017-2018 ENDED AND AS OF 31st MARCH 2018**

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

I. REGISTRATION AND OTHER DETAILS:-

- | | | |
|--|---|--|
| 1. CIN | - | L27100MH1984PLC034003 |
| 2. Registration Date | - | 12 th September, 1984 |
| 3. Name of the Company | - | Sunflag Iron and Steel Company Limited |
| 4. Category/Sub-Category of the Company | - | Public Limited (Listed) Company, having Share Capital, Company Limited by Shares, Indian Non-Government Company |
| 5. Address of the Registered office and contact details | - | 33, Mount Road, Sadar, Nagpur - 440001, MH, IN |
| 6. Whether listed Company Yes/No | - | Yes (BSE & NSE) |
| 7. Name, Address and Contact details of Registrar and Transfer Agent, if any | - | M/s Bigshare Services Private Limited
1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apts, (Next to Keys Hotel), Marol-Maroshi Road, Andheri (East), Mumbai - 400059, MH, IN |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:-

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

Name and Description of Main Products/Services	NIC Code of the Product/Service	% to total turnover of the Company
Steel & Steel Products (Rolled Products)	2410	98.34%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :

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

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

Category of Shareholder	No of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total	Demat	Physical	Total	% of Total	
A. Promoters									
1) Indian									
a) Individual/HUF	1612140	--	1612140	0.89	1612140	--	1612140	0.89	No Change
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corporate	8333356	--	8333356	4.62	8333356	--	8333356	4.62	No Change
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
Sub-total (A-1)	9945496	--	9945496	5.51	9945496	--	9945496	5.51	No Change
2) Foreign									
a) NRIs- Individuals	13217398	--	13217398	7.33	13217398	--	13217398	7.33	No Change
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	65253582	65253582	36.21	--	65253582	65253582	36.21	No Change
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other...	--	--	--	--	--	--	--	--	--
Sub-total (A-2)	13217398	65253582	78470980	43.54	13217398	65253582	78470980	43.54	No Change
Total shareholding of Promoter(A) (A-1 + A-2)	23162894	65253582	88416476	49.06	23162894	65253582	88416476	49.06	No Change
B. Public Shareholding									
1. Institutions									
a) Mutual Funds / UTI	--	88000	88000	0.049	--	35200	35200	0.020	(0.0293)
b) Banks / FI	69299	88700	157999	0.088	562973	41700	604673	0.336	0.2479
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	600	600	0.0003	--	600	600	0.0003	No Change
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	1100	1100	0.0006	--	400	400	0.0002	(0.0004)
g) FIs	--	--	--	--	--	--	--	--	--
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others: Foreign Portfolio Investors	--	--	--	--	362068	--	362068	0.2009	0.2009
Sub-total (B-1)	69299	178400	247699	0.1374	925041	77900	1002941	0.5565	0.4191
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	5301294	68970	5370264	2.9798	8058100	40370	8098470	4.4937	1.5138
ii) Overseas	18021945	--	18021945	10.000	18021945	--	18021945	10.000	No Change
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 2 lakh	21868523	7167105	29035628	16.1111	21923980	4310358	26234338	14.5569	(1.5544)
ii) Individual shareholders holding nominal share capital in excess of ₹ 2 lakhs	37776006	58250	37834256	20.9934	33349288	33300	33382588	18.5233	(2.4701)
c) Others (specify) (NRIs, Trust, Clearing Members/Corp./Director/NBFC)	1286128	7052	1293180	0.7176	1964439	6552	1970991	1.0937	0.3761
d) IEPF Authority - MCA	--	--	--	--	3091699	--	3091699	1.7155	1.7155
Sub-total (B-2)	84253896	7301377	91555273	50.8021	86409451	4390580	90800031	50.3830	(0.4191)
Total Public Shareholding (B) = (B-1+B-2)	84323195	7479777	91802972	50.9396	87334492	4468480	91802972	50.9396	No change
C. Shares held by Custodian for GDRs & ADRs	--	--	--	--	--	--	--	--	--
Grand Total (A+B+C)	107486089	72733359	180219448	100.000	110497386	69722062	180219448	100.000	No change

ii) Shareholding of Promoters & Promoters Group:-

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

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

Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	}	No Change		
Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer/ bonus/ sweat equity etc)				
At the End of the year				

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

S. N.	Name of the Top 10 (ten) Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Change in Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Daido Steel Co. Ltd., Japan	18021945	10.00	18021945	10.00	-	-
2	Usha B Sanghavi	7726891	4.29	5353747	2.97	(2373144)	(1.32)
3	Bhupendra G Sanghavi	7397495	4.10	4637179	2.57	(2760316)	(1.53)
4	Kanwaljit Singh Bakshi	4150000	2.30	4150000	2.30	-	-
5	Dhirendra B Sanghavi	3760233	2.09	6210000	3.45	2449767	1.36
6	Bhupendra G Sanghavi	1358649	0.75	549369	0.30	(809280)	(0.45)
7	Errol Fernandes	1050000	0.58	658290	0.37	(391710)	(0.22)
8	Bhavini D Sanghavi	745384	0.41	1200000	0.67	454616	0.25
9	Dhirendra Bhupendra Sanghavi	580412	0.32	175000	0.10	(405412)	(0.22)
10	Dhirajlal V Shah	524500	0.29	545317	0.30	20817	0.01
11	S.N. Damani Holdings Private Limited	446000	0.25	-	-	(446000)	(0.25)
12	Sangita Rajesh Jogani	291897	0.16	287344	0.16	(4553)	(0.00)

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

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

V. INDEBTEDNESS AS ON 31.03.2018
Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,310,163,205	506,785,463	-	2,816,948,668
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	2,310,163,205	506,785,463	-	2,816,948,668
Change in Indebtedness during the financial year				
i) Addition	29,360,627	-	-	29,360,627
ii) Reduction	-	43,854,847	-	43,854,847
Net Change	29,360,627	43,854,847	-	(14,494,220)
Indebtedness at the end of the financial year				
i) Principal Amount	2,339,523,832	462,930,616	-	2,802,454,448
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i + ii + iii)	2,339,523,832	462,930,616	-	2,802,454,448

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

(Amount in ₹)

S N	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		Mr. Pranav Bhardwaj	Mr. Surendra Kumar Gupta	CA R. Muralidhar (*) Executive Director (Finance) & CFO	Mr. Ramchandra V. Dalvi (#) Executive Director (Works)	
1.	Gross salary					
a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	13,521,602	9,760,476	8,271,000	3,249,443	34,802,521
b)	Value of Perquisites U/s 17(2) of the Income-tax Act, 1961	1,019,722	365,000	240,000	113,710	1,738,432
c)	Profits in lieu of Salary under Section 17(3) of the Income-tax Act, 1961	--	--	--	--	--
2.	Stock Option	--	--	--	--	--
3.	Sweat Equity	--	--	--	--	--
4.	Commission	--	--	--	--	--
	- as % of Profits	40,757,707	--	--	--	40,757,707
	- others, specify	--	--	--	--	--
5.	Others, please specify	--	--	--	--	--
	Grand Total (A)	55,299,031	10,125,476	8,511,000	3,363,153	77,298,660
	Ceiling as per the Act :	Overall Total Remuneration including Salary, Benefits, Perquisites and Commission @10% of the Net Profit calculated as per Section 198 of the Companies Act, 2013 amounting to ₹ 203,788,530.				

Note: (*) Appointed as the Whole-time Director, designated Key Managerial Personnel (KMP) of the Company, effective 14th August 2017, in addition to, existing position as the Chief Financial Officer (CFO) of the Company.

(#) Appointed as the Whole-time Director (Works), designated Key Managerial Personnel (KMP) of the Company, effective 14th August 2017.

B. Remuneration to other Director/s:-

(Amount in ₹)

Particulars of Remuneration	Name of Directors						Total Amount
	Dr. E.R.C. Shekar	Mr. S. Gajendran	CA Jayesh Parmar	Mr. K. J. Singh	Mrs. Neelam Kothari	Mr. Rooshad R. Patel	
A. Non-executive, Independent Director/s							
1. Fee for attending Board/Committee Meeting/s	135,000	110,000	75,000	95,000	80,000	20,000	515,000
2. Commission	120,000	120,000	120,000	120,000	120,000	60,493	660,493
3. Others, please Specify	-	-	-	-	-	-	-
Total (A)	255,000	230,000	195,000	215,000	200,000	80,493	1,175,493
B. Other Non-Executive Director/s	Mr. Ravi Bhushan Bhardwaj	Mr. Suhrit Bhardwaj	-	-	-	-	-
1. Fee for attending Board/Committee Meeting/s	-	-	-	-	-	-	-
2. Commission	19,718,360	-	-	-	-	-	-
3. Others, please Specify	-	-	-	-	-	-	-
Total (B)	19,718,360	-	-	-	-	-	19,718,360
Total (A + B)							
Total Remuneration payable to Non-Executive Director/s (including sitting fees)	-	-	-	-	-	-	20,893,853
Total Remuneration payable to Non-Executive Director/s (excluding sitting fees)	-	-	-	-	-	-	20,378,853
Overall Ceiling as per the Act :	In addition to Sitting Fees paid or payable for attending Board and its Committee Meeting/s, @1% of the Net Profit calculated as per section 98 of the Companies Act, 2013 amount to ₹ 20,378,853						

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

Particulars of Remuneration	CS Pranab Panigrahi Company Secretary	Total
Gross salary		
a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,393,026	2,393,026
b) Value of Perquisites under Section 17(2) of the Income-tax Act, 1961	78,100	78,100
c) Profits in lieu of Salary under Section 17(3) of the Income-tax Act, 1961	-	-
Stock Option	-	-
Sweat Equity	-	-
Commission		
- as % of Profits	-	-
- others, specify	-	-
Others, please specify	-	-
Total	2,471,126	2,471,126

VII. Penalties / Punishments / Compounding of Offences:- NIL, Hence Not Applicable

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made if any (give Details)
A. COMPANY Penalty Punishment Compounding			Nil, hence not applicable		
B. DIRECTORS Penalty Punishment Compounding			Nil, hence not applicable		
C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			Nil, hence not applicable		

For and on behalf of the Board

Nagpur
13.08.2018Dr. E.R.C. Shekar
Director
DIN - 00013670Surendra Kumar Gupta
Deputy Managing Director
DIN - 00054836

ANNEX 'E' TO BOARD'S REPORT**CERTIFICATE****Sexual Harassment of Women at Workplace and its Prevention, Prohibition and Redressal**
[Pursuant to Section 22 & 28 of the Sexual Harassment of Women at 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 2017-2018 ended 31st March 2018 under review :-

Number of Complaints received	NIL
Number of Complaints disposed off	NIL

For and on behalf of the Board

Nagpur
13.08.2018

Dr. E.R.C. Shekar
Director
DIN - 00013670

Surendra Kumar Gupta
Deputy Managing Director
DIN - 00054836

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 and Rolling Mills.

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, African, Middle East and South American countries.

Further, due to implementation of Blooming Mill, *SUNFLAG STEEL* can cater to foreign as well as indigenous customers of their needs of Rolled Products for higher sections and thus offering a better product mix. The Blooming Mill will yield better quality of higher size rolled products and Bloom / Ingots due to better compression ratio and more specifically used in the critical applications like crank shaft quality and it can be supplied to Original Equipment Manufacturers (OEM).

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

GLOBAL ECONOMIC SCENARIO & OUTLOOK

A) GLOBAL & INDIAN ECONOMIC SCENARIO & OUTLOOK

Global GDP growth in 2017 was at cheer full pace grew to 3.8% mainly due to increase in private consumption and investments. Favourable financing costs, rising profits and improved business sentiment also contributed to growth across advanced economies and emerging markets. The euro zone economy grew by 2.3% in 2017 which was higher than 1.8% in 2016. In order to avoid a deflationary environment, the European Central Bank extended the quantitative easing programme. The UK economy grew by 1.8% in 2017 (1.9% in 2016). The immediate impact of the referendum to leave the EU has been modest. In 2017 the pound depreciated slightly against the euro from 1.16 in January 2017 to 1.13 in December 2017.

Even though steel margins have improved in Europe, there are ongoing challenges due to the overcapacity in Europe and the slowdown in China. The persistent overcapacity in Europe is expected to continue with demand forecast to increase by around 1% per annum over the next 10 years. Current industry forecasts predict EU steel spreads in Financial Year 2018-19 to reduce from current levels by >€20/tonne.

India too did well on the economic front as the GDP growth rate was 6.6% for FY 2017-18, which helped it remain one of the world's fastest growing major economies. There were some headwinds at the start of the fiscal with the introduction of the Goods and Services Tax (GST), which caused temporary disruption in manufacturing and industrial growth. The GST is helping improve trucks' delivery lead time, simplify tax compliance, deepen economic linkages between states, broaden the tax base and improve revenue collection. Eventually, this will strengthen the broader business environment and drive investment and employment in the country. Consequently, it was a year in which both the Indian auto industry and your Company posted promising growth.

There was some more good news in FY 2017-18 with India gaining a spot among the top 5 as a global investment economy, which reflects in the country's sovereign rating being upgraded from Baa3 to Baa2 by Moody's Investors Service.

The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The growth in the first half of the year suffered despite global tailwinds. However, the weakness seen at the beginning of 2017, seems to have bottomed out as 2018 set in. Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick (shown below). We believe that India's economic outlook remains promising for FY17-18 and is expected to strengthen further in FY18-19. However, the signs of green shoots should not be taken for granted as downside risks remain.

The biggest challenges for 2018 are as to how the economy can maintain its recovery in the face of increasing inflationary pressures, coupled with a higher fiscal deficit as well as an increasing debt burden. The key to this conundrum lies in the revival of consumer demand and private investment.

B) ECONOMIC & BUSINESS OUTLOOK -INDIAN STEEL INDUSTRY

India is the third-largest crude steel producer in the world. In FY18, India produced 104.98 million tonnes (MT) of finished steel. Crude Steel production during 2017-18 stood at 102.34 MT. Exports and imports of finished steel stood at 1.35 MT and 1.89 MT, during Apr-Jun 2018.

Steel consumption is expected to grow 5.7 per cent year-on-year to 92.1 MT in 2018. India's steel production is expected to increase from 102.34 MT in FY18 to 128.6 MT by 2021. The Government of India has allowed 100 per cent foreign direct investment (FDI) in the steel sector under the automatic route.

India's per capita consumption of steel grew at a CAGR of 3.96 per cent from 46 kgs in FY08 to 65.25 kgs in FY17. The figure stood at 68 kgs during April-February 2017-18. National Steel Policy 2017 seeks to increase per capita steel consumption to the level of 160 kgs.

OPPORTUNITIES

FAVOURABLE OUTLOOK FOR STEEL CONSUMPTION

After almost a decade of limping growth, the significant recovery of the global economy as well as that of the Global Steel Industry in 2017 also points to a favourable outlook for the Indian steel industry. While global production of crude steel at 1,691 million tonne (MT) noted a growth of 5.3 per cent in 2017 over the previous year, the estimated steel consumption rose to 1,622 MT. The latest Internal Monetary Fund projection has estimated the global economy is slated to grow at 3.9 per cent in 2018, and India's GDP is to move up by 7.4 per cent in 2018 as compared to 6.7 per cent in the previous year. The continued growth in GDP in India, in fact, indicates that major steel consuming segments such as construction, real estate/housing, capital goods/machinery, consumer goods, automobiles and energy sector shall benefit.

The housing and construction sector, where major chunk of steel is consumed, shall get a boost with increase in per capita incomes and social sector schemes like Pradhan Mantri Awas Yojna-Housing for All, Sardar Patel Urban Housing Mission, 100 Smart Cities Mission (by 2022), Pradhan Mantri Gram Sadak Yojna, Urban Infrastructure Development Scheme for Small & Medium Towns (UIDSSMT), National Heritage City Development and Augmentation Yojana (HRIDAY), Bharatmala Project, 24x7 Power for all initiatives (by 2019), Development of Industrial Corridors & National Investment & Manufacturing Zones, 75,000 MW Clean-Energy initiative (by 2022) and many others.

In a nutshell, with the increasing thrust on the "Make-in-India" vision by the Indian Government under the leadership of Prime Minister Narendra Modi, the Indian steel industry itself will grow and will be in a position to supply the required quantities and grades of steel much needed by the end-users. This also given the fact that the per capita finished steel consumption remains at a dismal 60 kgs, in contrast with the world average of around 220 kgs. The recently formed Global Forum on Excess Steel Capacity has acknowledged India's capacity expansion of steel as a function of growing consumption in the domestic market.

LOOMING THREAT OF IMPORTS, LIKE IN THE PAST

In spite of clear signals of recovery today, it is important to keep in mind challenges of the past that plagued the industry. Over the past few years, the global steel industry has been reeling under the pressure of overcapacities, especially on account of those existing in China. With the growth in steel consumption slowing down in China in recent times, the Chinese steel producers have had no option but to rely on exports. This in turn has had an impact on high growth centres of steel consumption in "steel-non-mature" nations such as India. Additionally, depreciation of major currencies has led to a spurt in export by several countries like Russia and Ukraine. It was for these reasons that India saw an influx of imports beginning 2014-15 from several countries, including China. The surge in imports impacted the sentiment of the domestic steel market, with declining capacity utilisation rates of both the primary and secondary steel players. Additionally, erosion of margins, coupled with sluggish demand growth, made the Indian steel investors wary of returns on their investment. However, the Government of India came out proactively to provide a level playing field to Indian companies through imposition of anti-dumping and safeguard duties as well as minimum import prices, wherever injury to the industry was noteworthy.

Given the recent imposition of tariffs by the United States as an outcome Section 232 investigation of the Trade Expansion Act of 1962, the "steel-mature" countries like China, Japan, South Korea, etc. will look at India with immense interest. The Indian Steel Association has continued to highlight the long term distortions that such high level of cheap imports bring into the domestic market. Under the new global circumstances that pervade the trade scenario, imposition of Quality Control Order(s) is a step in the right direction by the Ministry of Steel to control imports of seconds and defectives into India, which jeopardise the safety of the Indian end-consumer.

CURRENT CHALLENGES

The Indian Steel Industry continues to grapple with uncertainties pertaining to the availability and consistent supplies of raw materials i.e. both coal and iron ore still remain a challenge, with recent closure of mines in Goa adding to the woes of the industry. Even though the marked shift from an allocation process to an auction process of getting mining blocks has brought about considerable transparency; issues pertaining to transport logistics from the mining areas need to be sorted out to mitigate lag in evacuation of iron ore, coal and other minerals. Indian Steel Association has identified that "hand holding" from the various state governments in such matters is very essential and has embarked upon bringing such issues to the attention of state government authorities, beginning with Odisha. Additionally, the resolution process of debt ridden steel companies currently underway at the NCLT shall necessitate a marked change in the structure of the industry.

STRESS ON INVESTMENTS AND CAPACITY ADDITION BY INDIAN STEEL COMPANIES

In spite of the threat of imports, Indian steel enterprises invested hugely into modernisation and expansion of their existing units as well as green-field plants to build a world class, cost competitive, environment-friendly and socially responsible industry. This is in line with the objectives of the National Steel Policy 2017 to increase the Per Capita Steel Consumption to 160 Kgs by 2030-31 from the current 60 kgs. This will necessitate a steel capacity of the tune of 300 MTPA from the current 128 MTPA. The Indian steel industry is fully geared for this, alongside stressing on remaining competitive. This can be substantiated from the fact that as per the list of 'World Class Steel Makers in the World' released by World Steel Dynamics in June 2017, 36 steel makers were classified as World Class Steel Makers out of more than 250 large steel makers in the world. Within the list of 36, six Steel Makers from India namely JSW Steel, SAIL, Tata Steel, JSPL, RINL & Essar Steel qualified as World Class. The steel industry is capable of achieving much more alongside contributing to public cause, as an increasingly enabling policy environment is provided by the Government.

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

MATERIAL DEVELOPMENT

SUNFLAG STEEL saw the year under review with a reasonable increase in demand for its products, which is mainly due to growth in Automobile and Auto component sector coupled with better sales realization, improved plant utilization and process improvements, all that have been resulted in achieving better margin. Further, EBIDTA margins have also improved as compared to in the corresponding previous financial 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 2017-2018 ended 31st March 2018 under review.

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 and other statutes and other incidental factors.

CORPORATE GOVERNANCE REPORT

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

At **SUNFLAG STEEL**, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with the Company's ongoing contributions to 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 (the 'SEBI') (Listing Obligations and Disclosure Requirements) ('LODR') Regulations, 2015 ["Listing Regulations"]. Your Company has in its place 'SISCO Code of Business Principles and Conduct' for its Board Members (including Non-executive Independent Directors) 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. The Company has also formulated various Policy(ies) as required and/or in compliance with the Companies Act, 2013 read with the rules made there under as well as the Listing Regulations and accordingly, has constituted the necessary Committee(s) thereof. All the necessary and requisite information are being posted and updated from time to time on the Company's Website www.sunflagsteel.com.

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

MANDATORY REQUIREMENTS

(1) SUNFLAG PHILOSOPHY ON CORPORATE GOVERNANCE

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

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



2) BOARD OF DIRECTORS

a) **Composition:** The Board of Directors of the Company as of 31st March, 2018 consisted of:-

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

Note: During the financial year 2017-2018 ended 31st March 2018 under review:-

- Mr. Suhrit Bhardwaj (DIN - 02318190), who was appointed, as an Additional Director [Category - Promoter & Non-executive] of the Company, effective 27th March 2017, has been appointed, as a Director [Category - Promoter, Non-executive, Non-Independent] of the Company, by the Shareholders (Members) at their Thirty-first (31st) Annual General Meeting of the Company held on 28th September 2017.
- CA R. Muralidhar (DIN - 00982212), who was appointed, as an Additional Director [Category- Executive & Non-Promoter] of the Company, effective 14th August 2017, has been appointed, as a Director [Category - Executive & Non-Promoter] of the Company, by the Shareholders (Members) at their Thirty-first (31st) Annual General Meeting of the Company held on 28th September 2017.
- CA R. Muralidhar (DIN - 00982212), was also appointed as the Whole-time Director, designated as the Executive Director (Finance) [Category- Executive & Non-Promoter] & CFO, designated Key Managerial Personnel (KMP), of the Company for a period of Three (3) years effective 14th August 2017.
- Mr. Ramchandra Vasant Dalvi (DIN - 00012065), who was appointed as an Additional Director [Category-Executive & Non-Promoter] of the Company, effective 14th August 2017, has been appointed, as a Director [Category - Executive & Non-Promoter] of the Company, by the Shareholders (Members) at their Thirty-first (31st) Annual General Meeting of the Company held on 28th September 2017.
- Mr. Ramchandra Vasant Dalvi (DIN - 00012065), was also appointed as the Whole-time Director, designated as the Executive Director (Works) [Category - Executive & Non-Promoter], designated Key Managerial Personnel (KMP), of the Company, for a period of Three (3) years effective 14th August 2017.
- Mr. Rooshad Russi Patel (DIN - 00473945) was appointed as an Additional Director [Category - Non-executive & Independent] of the Company, effective 29th September 2017.

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

The attendance of the Director/s at the Board Meeting/s and Thirty-first (31st) 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 that of other Listed Companies :-

- Six (6) meeting/s of the Board of Directors were held on 4th May 2017, 26th May 2017, 14th August 2017, 28th September 2017, 11th November 2017 and 12th February 2018 during the financial year 2017-2018 ended 31st March 2018 under review.
- Thirty-first (31st) Annual General Meeting (AGM) was held on 28th September 2017

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

* Membership in other Companies denotes other than Foreign Companies.

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

The Company ensures that all statutory, significant material information are placed before the Board or its Committees, for their information, consideration, review and ratification and/or approval, if any, to enable them to discharge their responsibilities as trustees of the large family of stakeholders. During the financial year 2017-2018 ended 31st March 2018, all the information on matters mentioned in terms of Regulation 17(3), Regulation 27 Schedule - II Part - E of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), has been placed before the Board for their 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 Meetings:-

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

Post meeting follow-up mechanism:-

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

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

The Code of Conduct has already been communicated to all the Members of the Board and Senior Management. The Code is also available on the Company's website www.sunflagsteel.com. All the Members of the Board and Senior Management have confirmed, the compliance/s with the Code for the financial year 2017-2018 ended 31st March, 2018. [The Annual Report contains a declaration to this effect signed by the Managing Director and Deputy 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, Mrs. Neelam Kothari (DIN - 06709241), Director [Category - Non-executive & Independent], of the Company, a qualified Chartered Accountant and Cost Accountant, from Mumbai, continued to be a Woman Director on the Board of the Company. The Company also confirms the compliance of having an Independent Woman Director on the Board of Directors of the Company, in terms of proposed amendments to the Listing Regulations, though it may not be mandatory for the Company based on market capitalization of the Company.

d) Separate Meeting of Independent Directors:-

As stipulated by, Schedule IV [Code of Independent Directors], to the Companies Act, 2013 and Regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), a separate exclusive meeting of the Independent Director/s of the Company was held on 21st March, 2018 to review the performance of Non-independent Directors (including the Non-executive Chairman) of the Company and the Board as a whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management, the Board and its Committees, which is necessary to effectively and reasonably perform and discharge their duties.

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

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

The induction for Director/s include 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 SEBI (LODR) Regulations, 2015 [Listing Regulations], as amended, from time to time.

f) Evaluation of the Board's Performance:-

During the financial year 2017-2018 ended 31st March 2018, the Board continued with a formal mechanism for evaluating its performance as well as that of its Committee/s and individual Director/s, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Board functioning such as composition of the Board and its Committee/s, experience & competencies, performance of specific duties & obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Director/s including the Chairman of the Board, who were evaluated on parameters such as attendance, contribution at the meetings, independent judgment, safeguarding of minority shareholders interest etc.

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

g) Agenda:-

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information, notes and documents (except for the critical price sensitive information, which is circulated at the meeting itself) to enable the Board and its Committee/s to take 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 and/or of the Company, which shall include at least one Independent Director, if any. The agenda including notes thereof are generally circulated along with Notice before seven clear days prior to the Board and its Committee Meeting/s. In addition, the resolutions are passed by circulation for any business exigencies, were later placed in the ensuing Board Meeting for ratification and approval, if any.

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

The Board periodically reviews the items required to be placed before it and in particular, reviews and approves quarterly and half yearly statements of un-audited financial results, 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 SEBI (LODR) Regulations, 2015 [Listing Regulations] to the extent these are relevant and applicable to the Company.

h) Invitees and Proceedings:-

Apart from the Board Member/s, the Company Secretary is a Secretary to the Board and all its Committee/s while the Chief Financial Officer (CFO) is invited to attend the Board Meeting/s as well as its Committee Meeting/s. 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 makes presentation on the quarterly and annual operating - financial performance and capital expenditure budget. The Managing Director/s, CFO and other senior management executives make presentations on capital expenditure proposals and progress, operations and other business issues. The Chairman of various Board Committee/s brief the Board on all the important matters discussed and decided at their respective Committee meeting/s, which are generally held prior to the Board meeting.

i) Post Meeting Action:-

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

j) Support and Role of Company Secretary:-

The Company Secretary is responsible for convening the Board and its Committee meeting/s, preparation and distribution of agenda and other documents, recording of the minutes of the meeting/s. He acts as interface between the Board and 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, 74, 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 and particularly, Steel and Textile industry. He is associated with the Company since its inception as part of the Promoter and Promoter Group, working as the Vice-Chairman and Managing Director of the Company since 1st October 1998. Subsequently, on ceasing as the Managing Director of the Company, effective 12th August 2015, continued as the Non-executive Vice Chairman and then, as a Non-executive Chairman of the Company, effective 12th December 2016.

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

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

Mr. Pranav Bhardwaj, 44, is a British National and Person of India Origin. He has graduated as B.Sc. Majoring in Chemistry and Business Management (Joint Honors Degree) from the world renowned Imperial College of London. Subject to the superintendence, control and direction of the Board of Directors, Mr. Pranav Bhardwaj is overall in-charge of running the business affairs of the Company. As a Managing Director, he has successfully led the Company by his unstinted efforts and wide contributions, which resulted into a turnaround overall performance. The Company had made remarkable growth under his leadership.

He is a member of Stakeholders' Relationship Committee and Share Transfer Committee of the 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, 86, is 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 gained nearly six decades of experience in steel making and marketing. He is associated with Sunflag Steel effective 5th September 1991 as a Non-executive & Independent Director. He is the Chairman of Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Project Monitoring Committee and Risk Management Committee. He is also a Member of Share Transfer Committee and Corporate Social Responsibility (CSR) Committee of the Company. He is holding 2,000 (0.001%) equity shares in the capital of the Company.

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

Mr. S. Gajendran, 74, is graduated from Madras University as an Electrical Engineer and started his career with Bharat Earth Movers Limited, Bengaluru in the year 1969. After that, he joined Tamilnadu Electricity Board in the year 1970 and served the Board in various capacities in rural areas and Chennai. He then joined IDBI in the year 1979 and served in various capacities and handling projects appraisal, follow-up of large industrial concerns, etc. He retired from the services of IDBI in the year 2004 as a Director JNIDB.

He is associated with Sunflag effective 16th June 2008 as a Non-executive & Independent Director. Presently, he is a Member of Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee of the Company. He is not holding any equity shares in the capital of the Company.

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

CA Jayesh M Parmar, 53, a Fellow Member of the Institute of the Chartered Accountants of India (ICAI), is in Practice as a Chartered Accountant, a Partner with M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai since year 1993. He is a Member of Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee and Risk Management Committee of the Company. He is not holding any equity shares in the capital of the Company.

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

Mr. Kumar Jitendra Singh, 66, is B.Sc. Engineering (Mechanical) from Bihar College of Engineering and pursued Bachelor of Law from Ranchi University. He was awarded fellowship in research from CSIR in the year 1976. His last position held was Chairman cum Managing Director (CMD) of MOIL Limited from 16th March 2009 to 31st October 2012 before retiring. He has more than 31 years of experience in varied industries such as maintenance of steel plant, project management and equipment procurement for steel plant, refractory industry, refractory application and management in steel plants, metal and mining industry, etc. He is a Member of Audit Committee and Project Monitoring Committee of the Company. He does not hold any equity shares in the capital of the Company.

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

Mrs. Neelam Kothari, 47, is a qualified Chartered Accountant and Cost Accountant, also stood rank in both the professional course examinations. She has earlier worked with IDBI Bank Limited from the year 1993 to 2009 in various capacities. During her career spanning across 15 years, she rose from a management trainee to one of the youngest Deputy General Manager in the IDBI Bank Limited. She is a Member of Audit Committee of the Company. She is not hold any equity shares in the capital of the Company.

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

Mr. Surendra Kumar Gupta, 69, is graduated in Mechanical Engineering (B.E.) and thereafter pursued Diploma in Business Management. He has wide experience of over 38 years in Steel & Steel making industry. He was appointed as a Director and also, the Whole-time Director of the Company in July, 2007, continued on the Board thereafter and presently, the Deputy Managing Director of the Company, looking after overall affairs of the Steel Plant and Coal Mine of the Company. He is a Member of Stakeholders' Relationship Committee, Corporate Social Responsibility (CSR) Committee, Share Transfer Committee, Project Monitoring Committee and Risk Management Committee of the Company. He is not holding any equity shares in the capital of the Company.

Mr. Suhrit Bhardwaj, (DIN - 02318190) - Non-executive Director

Mr. Suhrit Bhardwaj, 43, a Kenyan 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 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 a 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) - Whole-time Director, designated as the Executive Director (Finance) & CFO

CA Rambhatla Muralidhar, 63, is a Fellow Member of the Institute of Chartered Accountants of India (ICAI). He joined Sunflag Steel 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. During his service tenure, he was Chief Financial Officer (CFO) of the Company from the year 2001. Further, he was re-designated / re-classified as a Key Managerial Personnel (KMP) of the Company effective 1st April 2014. Recently, he was elevated and inducted in the Board as the Whole-time Director, designated as the Executive Director (Finance) & CFO of the Company effective 14th August 2017. Prior to joining Sunflag Steel, he was associated with various organisations viz. Cement Corporation of India Limited, Priyadarshani Cements Limited, Hindustan Fluorocarbons Limited and Bharat Aluminum Company Limited and had gained rich and varied experience of about 37 years in all the fields of Finance. He does not hold any equity shares in the capital of the Company.

Mr. Ramchandra Vasant Dalvi, (DIN - 00012065) - Whole-time Director, designated as Executive Director (Works)

Mr. Ramchandra Vasant Dalvi, 68, graduated as B.Tech (Hons) in Metallurgical Engineering from Indian Institute of Technology (IIT), Mumbai. Thereafter, he joined various Steel Industries such as Mukand Limited (Year 1972-2001), Facor Steel (Year 2001-2004) and Vidarbha Iron & Steel Corporation Limited (Year 2004-2011) and gained rich and varied experience in steel and steel making. He has held various positions from Graduate Engineer Trainee to Chief Executive. He was a Director (Technical) on the Board of Directors of Facor Steel Limited during the year 2004-2011. He joined Sunflag Steel 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. He was then elevated and inducted in the Board as the Whole-time Director, designated as Executive Director (Works) of the Company effective 14th August 2017. He does not hold any equity shares in the capital of the Company.

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

Born on 16th February 1952, Mr. Rooshad Russi Patel did his ISC in 1968 from St. Mary's School and completed commerce graduation from HR College in Mumbai. He started his enterprise namely Hi-tech Resistors Private Limited, Nagpur (HTR) in 1988 at the Electronics Zone in MIDC Industrial Area, Nagpur (Maharashtra), wherein he holds 70% stake. HTR today is a US\$ 3 Million Company and is amongst the few electronics components manufacturers in the world to be certified to ISO TS 16949 : 2009 which is essential to sell parts to automotive companies worldwide. HTR today makes Wire Wound, Current Sense, Surface Mount and Automotive Resistors and export 70% of its produce to about 35 countries world-wide with the EU (primarily Germany, Austria, Italy, Finland, Sweden and the UK being major markets for them along with the Peoples Republic of China). He has been awarded Maharashtra Government Gaurav (Certificate of recognition) in the year 1993. Hon'ble Shri Atal Bihari Vajpayee, then Prime Minister of India, bestowed the award for excellence to HTR on behalf of the Department of Electronics in 1996. Mr. Rooshad Russi Patel has been felicitated by various local bodies and spoken at various educational institutes to promote rational entrepreneurship. He holds Directorship in Hi-tech Resistors Private Limited, Nagpur. Further, he does not hold any equity shares in the capital of the Company.

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

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

b) Terms of Reference, Roles and Responsibility:-

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

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

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

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

In addition to above:-

- The Audit Committee shall have discussions with the Statutory Auditors on the audit of the quarterly, half-yearly and yearly financial statement/s, the yearly audit plan, matters relating to compliance of Accounting Standards and Policies, their observations arising from the audit of the Company's financial statements and other related matters.
- The Audit Committee during their 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. S. Gajendran, CA Jayesh M. Parmar, Mr. Kumar Jitendra Singh & Mrs. Neelam Kothari, Non-executive, Independent Director/s of the Company.
- Secretary** : CS Pranab Panigrahi, Company Secretary

d) Invitees / Participants:-

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

e) Meetings and Attendance:-

During the financial year 2017-2018 ended 31st March 2018, Five (5) meetings of the Audit Committee were held on 4th May 2017, 26th May 2017, 14th August 2017, 11th November 2017 and 12th February 2018.

Attendance:-

Name of Director	Dr. E.R.C. Shekar	Mr. S. Gajendran	CA Jayesh M. Parmar	Mr. Kumar Jitendra Singh	Mrs. Neelam Kothari
No. of Meetings Attended	4	5	2	4	4

4) NOMINATION & REMUNERATION COMMITTEE:-
a) Composition:-

- Chairman** : Dr. E.R.C. Shekar, Non-executive, Independent Director
- Members** : Mr. S. Gajendran, Non-executive, Independent Director; CA Jayesh M. Parmar, Non-executive, Independent Director; and Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company
- Secretary** : CS Pranab Panigrahi, Company Secretary

b) Terms of Reference of the Nomination & 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:-

- a) identify persons who are qualified to become Director/s and who may be appointed as Senior Management, in accordance with the criteria laid down, recommend to the Board, their appointment and removal, and shall carry out evaluation of performance of every Director/s of the Company;
- b) formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board, a policy, relating to the remuneration for the Director/s, Key Managerial Personnel and other employees of the Company;
- c) while formulating the policy under (b) above, ensure that:-
 - i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Director/s of the quality required to run the Company successfully;

- ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- iii) remuneration to Director/s, Key Managerial Personnel and Senior Management, involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals or objectives.
- d) 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.

c) Meeting and attendance:-

During the financial year 2017-2018 ended 31st March 2018. Three (3) meetings of the Nomination & Remuneration Committee were held on 26th May 2017, 14th August 2017 and 28th September 2017

Attendance:-

Name of Director	Dr. E.R.C. Shekar	Mr. S. Gajendran	CA Jayesh M. Parmar	Mr. Ravi Bhushan Bhardwaj
No. of Meetings Attended	3	3	2	-

- d) The Committee looks after appointment and re-appointment, review and finalisation 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 of the Company.
- Further, as a matter of policy the Company adheres to & follows the relevant provisions of the Companies Act, 2013 read with relevant Schedule & Rules made there under and Listing Regulations, for payment of remuneration to the Executive Director/s and Key Managerial Personnel of the Company.

ii) For Non-executive Director/s:-

- ▲ The Sitting Fees @ ₹ 10,000/- and @ ₹ 5,000/- per meeting of the Board and its Committee thereof as the case may be, 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 of the Company.

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

The Shareholders (Members) of the Company, at its Thirtieth (30th) Annual General Meeting, held on 23rd September 2016, by way of ordinary resolution, has considered and approved, the payment of remuneration by way of commission, not exceeding a sum equivalent to one percent (1%) of net profits of the Company per annum, calculated in accordance with the provisions of Section 198 of the Act, be paid to, and be distributed amongst all the Non-executive Director/s of the Company as (i) a fixed sum of ₹ 1,20,000/- (₹ One Lakh Twenty Thousand) to each Non-executive Independent Director/s of the Company, for their tenure of the whole financial year but, in proportionate, for their tenure of part of the financial year, if any, and (ii) the balance amount shall be distributed equally amongst Mr. P. B. Bhardwaj, Non-executive Chairman and Mr. Ravi Bhushan Bhardwaj, Non-executive Vice-Chairman of the Company, for a period of five (5) years commencing from the financial year 2016-2017.

Subsequent to this and due to sad demise of Mr. P. B. Bhardwaj, then Non-executive Chairman of the Company, Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company, is entitled for payment of remuneration by way of commission @1% of net profits of the Company, after making the provisions, for payment of remuneration by way of commission, to all Non-executive Independent Director/s of the Company, as a fixed sum of ₹ 1,20,000/- (₹ One Lakh Twenty Thousand) to each Non-executive Independent Director/s of the Company, for their tenure of the whole financial year but, in proportionate, for their tenure of part of the financial year, if any.

Accordingly, a provision for a sum of ₹ 2,03,78,853/- equivalent to 1% (one percent) of net profits of the Company payable to the Non-executive Director/s including, Non-executive Chairman of the Company for the financial year 2017-2018 ended 31st March 2018 is made as follows :

Dr. E.R.C. Shekar	:	₹ 1,20,000
Mr. S. Gajendran	:	₹ 1,20,000
CA Jayesh M. Parmar	:	₹ 1,20,000
Mr. Kumar Jitendra Singh	:	₹ 1,20,000
Mrs. Neelam Kothari	:	₹ 1,20,000
Mr. Rooshad Russi Patel	:	₹ 60,493★

and the balance sum of ₹ 1,97,18,360/- to Mr. Ravi Bhushan Bhardwaj, Non-executive Chairman of the Company.

- ★ Mr. Rooshad Russi Patel was appointed as an Additional Director [Category - Non-executive, Independent] of the Company, effective 29th September 2017. Accordingly, a provision for the proportionate amount (commission) for 184 days is made towards commission payable to Mr. Rooshad Russi Patel for the financial year 2017-2018 ended 31st March 2018.

- e) The details of Remuneration and Sitting fees, for the financial year 2017-2018 ended 31st March 2018 and Commission for the financial 2016-2017 ended 31st March 2017 paid to all the Director/s during the financial year 2017-2018 ended 31st March 2018 are as under:-

Name	Designation	Sitting Fees (₹)	Remuneration perquisites and Benefits (₹)	Commission for the FY 2016-2017 (₹)	Total Amount (₹)
Mr. P.B. Bhardwaj	(Former) Non-executive Chairman	-	-	25,71,470	25,71,470
Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman	-	-	59,61,137	59,61,137
Mr. Pranav Bhardwaj	Managing Director	-	1,45,41,324	1,82,65,214	3,28,06,538
Dr. E.R.C. Shekar	Non-executive, Independent Director	1,35,000	-	1,20,000	2,55,000
Mr. S. Gajendran	Non-executive, Independent Director	1,10,000	-	1,20,000	2,30,000
CA Jayesh M. Parmar	Non-executive, Independent Director	75,000	-	1,20,000	1,95,000
Mr. Kumar Jitendra Singh	Non-executive, Independent Director	95,000	-	1,20,000	2,15,000
Mrs. Neelam Kothari	Non-executive, Independent Director	80,000	-	1,20,000	2,00,000
Mr. Rooshad Russi Patel**	Non-executive, Independent Director	20,000	-	-	20,000
Mr. Surendra Kumar Gupta	Deputy Managing Director	-	1,01,25,476	-	1,01,25,476
CA Rambhatla Muralidhar *	Executive Director (Finance) & CFO	-	47,52,298	-	47,52,298
Mr. Ramchandra Vasant Dalvi *	Executive Director (Works)	-	33,63,153	-	33,63,153

* Effective 14.08.2017

** Effective 29.09.2017

- f) The details of proposed Commission payable to all the Director/s of the Company in respect of financial year 2017-2018 ended 31st March 2018 are as under:-

Name	Designation	Proposed Commission for the Financial Year 2017-2018 ₹
Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman	1,97,18,360
Mr. Pranav Bhardwaj	Managing Director	4,07,57,707
Dr. E. R. C. Shekar	Non-executive, Independent Director	1,20,000
Mr. S. Gajendran	Non-executive, Independent Director	1,20,000
CA Jayesh M. Parmar	Non-executive, Independent Director	1,20,000
Mr. Kumar Jitendra Singh	Non-executive, Independent Director	1,20,000
Mrs. Neelam Kothari	Non-executive, Independent Director	1,20,000
Mr. Rooshad Russi Patel*	Non-executive, Independent Director	60,493
Mr. Surendra Kumar Gupta	Deputy Managing Director	-
CA Rambhatla Muralidhar	Executive Director (Finance) & CFO	-
Mr. Ramchandra Vasant Dalvi	Executive Director (Works)	-

* Effective 29.09.2017

5) STAKEHOLDERS' RELATIONSHIP COMMITTEE:-

Objective:-

The Stakeholders' Relationship Committee is responsible for the satisfactory redressal of investors' and shareholders' complaints and recommends measures for overall improvement in the quality of investor services. Especially, it looks after grievances of shareholders and investors complaints like dematerialisation or rematerialisation of shares, transfer of shares, transmission of shares, non-receipt of share certificates, annual report, dividend, etc. and timely redressal of their grievance thereto and such other functions as 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 is consisting of Dr. E. R. C. Shekar, Non-executive, Independent Director as its Chairman and Mr. Ravi Bhushan Bhardwaj, Mr. Pranav Bhardwaj, Mr. S. Gajendran and Mr. Surendra Kumar Gupta, as the Committee Members while CS Pranab Panigrahi, is a Secretary to the Committee.

Meetings:-

During the financial year 2017-2018 ended 31st March 2018, the committee had four (4) meetings on 26th May 2017, 14th August 2017, 11th November 2017 and 12th February 2018 and reviewed:-

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

At the beginning of the year	Received during the year	Resolved during the year	At the end of the year
NIL	18	18	NIL

6) SHARE TRANSFER COMMITTEE:-

The Share Transfer Committee consists of five (5) Members, viz. three (3) 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 Director/s and Dr. E. R. C. Shekar, Non-executive, Independent Director of the Company.
- Secretary** : CS Pranab Panigrahi, Company Secretary

The Securities and Exchange Board of India (SEBI) vide its Circular bearing reference No. CIR/MIRSD/8/2012 dated 5th July 2012, in view to expedite the share transfer process in the interest of investors and in consultation with Stock Exchanges, has reduced the timeline for registration of transfer of equity shares by the listed companies to fifteen (15) days.

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

Other Information:-

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

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

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

Further, the Ministry of Corporate Affairs has notified "Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016" (**the Rules**) which have come into force from 7th September 2016. The said Rules, amongst other matters, contain provisions for transfer of all shares in respect of which dividend has not been claimed for seven (7) consecutive years or more, in the name of '**IEPF Demat Account**'. Accordingly, the Company has transferred total 3091699 equity shares constituting about 1.716% of the total issued, subscribed and paid-up share capital, including of 28,050 equity shares of "**Unclaimed Suspense Account**" which was created pursuant to Regulation 39 of the SEBI (LODR) Regulations, 2015 effective 3rd August 2015. The voting rights on these shares shall remain frozen till the rightful owner of such shares claim the shares from the IEPF Authority. The IEPF Authority has laid down the detailed procedure for claiming both Dividend as well as Shares. The detailed list of shares transferred to this IEPF Authority account as well as detailed procedure to claim is available on the Company's website www.sunflagsteel.com. Further, the procedure to claim is also available on the website of IEPF authority at www.iepf.gov.in. During the financial year 2017-2018 ended 31st March 2018 under review, no rightful shareholder has claimed any shares from this account.

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

In view of above, you are requested to notify and/or update, if there is any change in your 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 2017- 2018 ended 31st March 2018.

Accordingly, the Company has constituted a Corporate Social Responsibility (**CSR**) Committee as required under Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended). The Committee is headed by Mr. Ravi Bhushan Bhardwaj and consists of Dr. E. R. C. Shekar, CA Jayesh M. Parmar and Mr. Surendra Kumar Gupta as its Members. CS Pranab Panigrahi is a Secretary to the CSR Committee of the Company.

During the financial year 2017-2018 ended on 31st March 2018, the CSR Committee had (four) 4 meetings held on 26th May 2017, 14th August 2017, 12th February 2018 & 21st March 2018, which were attended by the Members as under:-

SN	Name of Director	Category of Director	No. of meetings held / Attended
1	Mr. Ravi Bhushan Bhardwaj	Non-executive Chairman	0 / 4
2	Dr. E. R. C. Shekar	Non-executive, Independent Director	4 / 4
3	CA Jayesh M. Parmar	Non-executive, Independent Director	2 / 4
4	Mr. Surendra Kumar Gupta	Deputy Managing Director	4 / 4

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

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

Disclosure/s:-

SN	Headings	Particulars
1	Average net profits of the Company for last three (3) financial years	₹ 74,81,93,386/-
2	Prescribed CSR Expenditure [two percent (2%) of the amount as in item 1 above]	₹ 1,49,63,868/-
3	Details of CSR spent during the financial year 2017-2018:-	
	a) Total amount to be spent for the FY 2017-2018	₹ 1,50,58,583
	b) Amount unspent, if any;	Out of the total sum of ₹ 1,50,58,583, the Company has already allocated & incurred, a sum of ₹ 83,92,857 and a sum of ₹ 66,65,726 have been allocated for capital expenditure of various approved CSR activities, against the total mandated sum of ₹ 1,49,63,868 to be spent during the Financial year 2017-2018 ended 31 st March 2018. Hence, there is no unspent amount.
	c) Manner in which the amount spent during the FY 2017-2018	The manner in which the amount is spent is detailed in the Annex 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 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 Company has formed and incorporated **Sunflag Foundation** (CIN - U74999MH2017NPL289961), a Section 8 Company & Wholly-owned Subsidiary of Sunflag Iron and Steel Company Limited (SISCO) holding 100.00% of Issued, Subscribed and Paid-up Share Capital in the said Company, on 27th January 2017 for implementing the Corporate Social Responsibility (CSR) activities of SISCO. Sunflag Foundation will implement & monitor all CSR activities, keep budget and accounts for the same, the manner in which the CSR amount has been spent and/or to be spent, and in turn will furnish its report to SISCO. During the financial year 2017-2018 ended 31st March 2018, an amount of INR 150.00 Lakhs of CSR budget of SISCO 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 is enclosed herewith as an **Annex – A** to the Boards' Report.

8) RISK MANAGEMENT COMMITTEE (RMC):-

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

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

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

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

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

The details of Committee Membership together with their attendance at a meeting held on 21st March 2018 is:-

Members and attendance:-

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

9) PROJECT MONITORING COMMITTEE (PMC):-

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

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

Members: Mr. Kumar Jitendra Singh, Non-executive, Independent Director, Mr. Surendra Kumar Gupta, Deputy Managing Director of the Company.

Secretary: CS Pranab Panigrahi, Company Secretary

Meeting and attendance:-

During the financial year 2017-2018 ended 31st March 2018, Three (3) meeting/s of the Project Monitoring Committee (PMC) were held on 26th May 2017, 14th August 2017 and 20th March 2018

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

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 directions, the Audit Committee had formulated the Whistle Blower Policy providing a platform to all the directors, 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 and direct access to the Chairman of the Audit Committee is also available in exceptional cases.

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 or misconduct.
- To provide guidance to the directors, 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 procedure, policies and review of internal control systems; and
- To review the policy from time to time.

11) GENERAL BODY MEETING/S:-

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

S. No.	Number & Year	Venue	Day & Date	Time
1	31 st AGM - 2017	Indian Medical Association's J. R. Shaw Auditorium North Ambazari Road Nagpur - 440010	Thursday, the 28 th September 2017	3:00 P.M.
2	30 th AGM - 2016		Friday, the 23 rd September 2016	3:00 P.M.
3	29 th AGM - 2015		Friday, the 25 th September 2015	3:00 P.M.

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

c) The Company has provided e-voting platform to the shareholders (members) during all the previous three (3) general meeting/s including the Thirty-first (31st) Annual General Meeting held during financial year 2016-2017.

12) DISCLOSURES
a) Related Party Disclosures:-

Related Party	Relationship
Sunflag Power Limited Khappa Coal Company Private Limited Sunflag Foundation (Section 8 Company)*	Subsidiary Companies
Haryana Television Limited	Associate Enterprise
Sunflag Limited, Channel Islands, UK	Enterprise which have significant influence (Promoter and Promoter Group)
Mr. Ravi Bhushan Bhardwaj	Promoter and Promoter Group
Mr. Pranav Bhardwaj Mr. Surendra Kumar Gupta CA R. Muralidhar Mr. Ramchandra Vasant Dalvi CS Pranab Panigrahi	Key Managerial Personnel (KMP)
Mr. Suhrit Ravi Bhushan Bhardwaj	Relative of Key Managerial Personnel (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 (Associate) Companies

* Sunflag Foundation (CIN - U74999MH2017NPL289961), a Section 8 Company & Wholly-owned Subsidiary of Sunflag Iron and Steel Company Limited (**SISCO**) holding 100.00% of Issued, Subscribed and Paid-up Share Capital was incorporated on 27th January 2017 for implementing the Corporate Social Responsibility (CSR) activities applicable to **SISCO**. Sunflag Foundation will implement, monitor all CSR activities, keep budget and accounts for the same, the manner in which the CSR amount has been spent and/or to be spent, etc. and in turn, will furnish its report to SISCO. During the year under review, an amount of INR 150.00 Lakhs of CSR budget of SISCO has been transferred to Sunflag Foundation for implementation of various CSR activities.

b) Transactions with the related parties:-

Sr. No.	Particulars	Amount (₹)
a)	Subsidiary Company - Unsecured Loan or Advances	12,93,841
b)	Associate Enterprise - Rent paid	49,50,750
c)	Relative of KMP - Rent paid	5,17,500
d)	Key Managerial Personnel, Promoter & Promoter Group - Remuneration and Commission	9,94,88,146
e)	Joint Venture - Ramesh Sunwire Private Limited - Application for Allotment of Shares	1,50,00,000

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

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

The following is the summary of sexual harassment complaints received and disposed-off during the financial year 2017-2018 ended 31st March 2018:-

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

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

e) Other Disclosures:-

- Transactions with related parties, as per requirements of Accounting Standard (AS) 18, are disclosed in the notes annexed to the financial statements of the Company.
- There are no materially 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 Accounting Standard (AS) 18, has been made in the Thirty-second (32nd) Annual Report of the Company.
- The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements of the Company.
- 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 2017-2018 ended 31st March 2018, the Company does not have any material listed and unlisted Subsidiary Company(ies) as defined in Regulation 16(1)(c) of the Listing Regulations.
- vi. Pursuant to Regulation 24 of the Listing Regulations, One (1) Independent Director is on the Board of a Unlisted Subsidiary Company, The Audit Committee had reviewed the annual audited financial statements and minutes of the meeting/s of Board of Directors and Shareholders (Members) of all Unlisted Subsidiary Companies from time to time and that the same were placed at the meeting/s of Board of Directors of the Company.
- vi. The Independent Director/s of the Company have confirmed that they each meet the criteria of 'Independence' as stipulated under Section 149 of the Companies Act, 2013 read with the rules made there and Regulation/s 16 (1)(b) and 25 of the Listing Regulations, as the case may be.

13) MEANS OF COMMUNICATION:-

- a) The quarterly and annual financial results are being furnished to Stock Exchanges and published either 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
- b) Management Discussion and Analysis forms part of this Annual Report.

14) GENERAL SHAREHOLDER INFORMATION:-

- a) Thirty second (32nd) Annual General Meeting - Tuesday, the 25th September, 2018 at 3.00 P. M.
- b) Book Closure Dates - Saturday, the 8th September, 2018 to Tuesday the 25th September, 2018 (both days inclusive)
Tuesday, the 18th September, 2018

Cut-off date for e-Voting

c) Financial Calendar

- i) Unaudited Financial Results for first quarter (Q-1) ending 30.06.2018 - On or before 14th August 2018
- ii) Unaudited Financial Results for second quarter (Q-2) and half year (H-1) ending 30.09.2018 - On or before 14th November 2018
- iii) Unaudited Financial Results for third quarter (Q-3) ending 31.12.2018 - On or before 14th February 2019
- iv) Audited Financial Results for the fourth quarter (Q-4) and financial year ending 31.03.2019 - On or before 30th May 2019

Tentative Schedule
d) Listing of Equity Shares

For the year 2017-2018, Equity Shares of the Company were listed with (1) BSE Limited and (2) National Stock Exchange of India Limited

e) Equity Shares - Stock Codes

Trading Symbol at Stock Exchanges - 500404 (BSE) & SUNFLAG (NSE)
Demat ISI Number in NSDL & CDSIL - INE947A01014 - Sunflag Iron - Equity

f) 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 2017	40.65	36.90	40.70	36.80	30184	29241	9367	9075
May 2017	40.10	34.15	40.20	34.30	31255	29804	9650	9270
June 2017	40.20	34.80	40.25	34.75	31523	30681	9709	9449
July 2017	48.50	36.00	49.70	36.20	32673	31017	10115	9544
August 2017	63.00	42.00	62.95	42.05	32686	31128	10138	9686
September 2017	81.70	60.60	81.80	60.70	32524	31082	10179	9688
October 2017	83.90	73.00	83.90	73.05	33340	31440	10385	9831
November 2017	87.70	71.20	87.80	71.20	33866	32684	10490	10094
December 2017	86.00	70.30	86.25	70.00	34138	32565	10552	10033
January 2018	90.75	78.90	90.90	79.00	36444	33703	11172	10405
February 2018	99.00	64.75	99.00	63.60	36257	33483	11117	10276
March 2018	100.00	74.70	100.40	74.55	34279	32484	10526	9952

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

g) Registrar & Share Transfer Agent and process of transfer of shares :

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

h) a) Distribution of Shareholding as on 31st March 2018:-

Shareholding of nominal value of (₹)		Shareholders		Value of Shares	
₹	₹	Number	%	Amount (₹)	%
Upto 5000		47,443	82.01	85993270	4.77
5001	10000	5,508	9.52	45227440	2.51
10001	20000	2,415	4.17	37190460	2.06
20001	30000	839	1.45	21668300	1.20
30001	40000	367	0.63	13288520	0.74
40001	50000	355	0.61	17028840	0.94
50001	100000	485	0.84	36482410	2.02
100001	1802194480	435	0.75	1545315240	85.75
Total		57,847	100.00	1,802,194,480	100.00

h) b(i) Pattern of Shareholdings as on 31st March 2018:-

SN	Category	No. of Holders	No. of Shares	%
1	Foreign - Promoter and Promotor Group	2	78,470,980	43.542
2	Indian - Promoter and Promotor Group	2	9,945,496	5.519
3	Foreign Portfolio Investors	5	362,068	0.201
4	Non Resident Indians and FIIs	489	1,361,462	0.755
5	Financial Institutions	4	537,658	0.298
6	Bodies Corporate (Indian)	581	8,098,470	4.494
7	Banks (Nationalised and Others)	9	67,015	0.037
8	Mutual Funds / UTI / Trust	9	45,300	0.025
9	Bodies Corporate (Foreign)	1	18,021,945	10.000
10	Indian Public including the Directors, KMPs and their Relatives	55822	59,618,926	33.081
11	Clearing Members / Corporations	110	586,069	0.325
12	Others (Insurance / State Gov. / NBFC)	4	12,360	0.007
13	IEPF Authority (MCA)	1	3,091,699	1.716
Total		57,039*	180,219,448	100.00

h) b(ii) Pattern of Shareholdings as on 31st March 2018:-

SN	Category	No. of Holders	No. of Shares	%
1	Foreign - Promoters and Promotor Group	2	78,470,980	43.542
2	Indian - Promoters and Promotor Group	2	9,945,496	5.519
3	Foreign Portfolio Investors	5	362,068	0.201
4	Non Resident Indians and FIIs	494	1,361,462	0.755
5	Financial Institutions	4	537,658	0.298
6	Bodies Corporate (Indian)	679	8,098,470	4.494
7	Banks (Nationalised and Others)	9	67,015	0.037
8	Mutual Funds / UTI / Trust	9	45,300	0.025
9	Bodies Corporate (Foreign)	1	18,021,945	10.000
10	Indian Public including the Directors, KMPs and their Relatives	56484	59,618,926	33.081
11	Clearing Members / Corporations	153	586,069	0.325
12	Others (Insurance / State Gov. / NBFC)	4	12,360	0.007
13	IEPF Authority (MCA)	1	3,091,699	1.716
Total		57,847*	180,219,448	100.00

* The difference of 808 (57847 less 57039) 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/s 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 folio/s or demat account/s with same IT PAN while filing shareholding pattern on quarterly basis with the Stock Exchange/s.

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

i) Dematerialisation of Shares and Liquidit :-

The equity shares of the Company are compulsorily traded in electronic form only. As on 31st March 2018, there were approximately 1104.97 Lakhs equity shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents about 61.3127% of the total paid-up capital of the Company.

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

- j) 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

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 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apts, (Next to Keys Hotel), Marol-Maroshi Road, Andheri (East), MUMBAI - 400059, MH, IN Phone : +91 22 62638200 (100 Lines) Fax : +91 22-2847 5207 E-mail : investor@bigshareonline.com Website : http://www.bigshareonline.com	Company Secretary 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

15) CEO/CFO Certificate on Corporate Governance:-

The Company has also obtained a certificate from the CEO / CFO of the Company regarding compliance stipulation of Corporate Governance as stipulated in the Listing Regulations.

16) Certificate on Corporate Governance:-

The Company has obtained a certificate from M/s. Mukesh Parakh & Associates, Company Secretaries, Nagpur regarding compliance stipulation of Corporate Governance as stipulated in the Listing Regulations and the same is reproduced hereunder.

NON-MANDATORY REQUIREMENTS

1. Shareholder Rights:-

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

2. Postal Ballot:-

The Company has had no occasion to exercise the postal ballot so far.

3. Report on Corporate Governance:-

This chapter of the Annual Report – together with the information given under “Management Discussion and Analysis” – constitutes a detailed compliance report on Corporate Governance during the financial year 2017-2018 ended 31st March 2018 under review.

4. Separate posts of Chairman and Managing Director/s:-

The post of the Non-executive Chairman and his position is separate from that of the Managing Director/s of the Company.

5. Reporting of Internal Auditors:-

The Internal Auditors and Joint Internal Auditors report to the Audit Committee of the Company.

6. Audit Qualifications:-

The Company's financial statements for the financial year 2017-2018 ended 31st March 2018 does not contain any audit qualification.

AUDITORS' CERTIFICATE
Auditors Certificate on compliance with the conditions of Corporate Governance

To

The Members
Sunflag Iron and Steel Company Limited
CIN - L27100 MH1984 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 ('the Company') for the financial year 2017-2018 ended 31st March 2018, as stipulated in Regulation 15(2) [Regulation 17 to 27, Clauses (b) to (i) of Regulation 46(2) & Para C and D of Schedule V] of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

Managements' Responsibility

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

Auditor's Responsibility

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

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

Opinion

Based on our examination of the relevant records and according to the information and explanations provided to us together with the representations provided by the Company Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulation 15(2) [Regulation 17 to 27, Clauses (b) to (i) of Regulation 46(2) & Para C and D of Schedule V] of the Listing Regulations for the financial year 2017-2018 ended 31st March 2018.

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

Signed and Issued on this Monday, the 13 August 2018 at Nagpur.

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

**CS Mukesh Dulichandji Parakh
Proprietor
M. No. FCS - 4343 CoP No. 13693**

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

To

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

On the basis of the written declaration received from the Member/s of the Board and Senior Management Personnel of the Company in terms of the relevant provisions of Regulation 15(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), we do hereby certify that the Member/s 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 2017-2018 ended 31st March 2018.

For and on behalf of the Board

**Nagpur
13.08.2018**

Dr. E.R.C. Shekar
Director
DIN - 00013670

Surendra Kumar Gupta
Deputy Managing Director
DIN - 00054836

INDEPENDENT AUDITORS' REPORT

To

The Members

Sunflag Iron and Steel Company Limited

C I N - L 27100 MH 1984 PLC 034003

33, Mount Road, Sadar, Nagpur - 440001

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Sunflag Iron & Steel Company Limited** ("the Company"), which comprise the balance sheet as at 31st March 2018, the statement of profit and loss (including other comprehensive income), the cash flows statement and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant Rules issued thereunder.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, its profit including other comprehensive income, and its cash flows and the changes in equity for the year ended on that date.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order.
 2. As required by Section 143(3) of the Act, we report that :
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books;
 - c) The balance sheet, the statement of profit and loss (including other comprehensive income) the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
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- d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards 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 as on 31st March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2018 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"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements - Refer Note 33 to the standalone Ind AS financial statements;
 - ii. Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Company.

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

CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
28th May, 2018

"ANNEXURE - A" TO INDEPENDENT AUDITOR'S REPORT

"Annexure – A" to the Independent Auditor's Report to the Members on standalone Ind As financial statements of Sunflag Iron & Steel Company Limited dated 28th May, 2018.

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

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management during the year, the frequency of which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
 - c) According to the information and explanations given to us and on the basis of the documents verified by us, we report that the title deeds of all immovable properties are held in the name of the Company.
 - ii) The Management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
 - iii) a) The Company has granted unsecured loans to its subsidiaries Sunflag Power Limited and Khappa Coal Company Private Ltd., covered in the register maintained under Section 189 of the Act;
 - b) The above loan is re-payable on demand as agreed. In respect of this loan, we are informed that the company has not demanded repayment of such loan, thus there is no default on repayment of such loan. In respect of interest on such loan from Khappa Coal Company Private Limited, the company has charged interest for the period 1st April 2017 to 31st March 2018 and waived off as approved in its Board Meeting.
 - c) The loan given is repayable on demand and hence there is no overdue amount as on the date and the relevant reporting is not applicable.
 - iv) In our opinion and according to the information and explanations given to us, 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 have been complied with by the Company.
 - v) The Company has not accepted any deposits from the public with 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 subsection (1) of section 148 of the Act and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.
 - vii. a) According to the records of the Company examined by us and the information and explanations given to us, the Company is generally regular in depositing its undisputed statutory dues including Employees's Provident Fund, Employees, State Insurance, Investor
-

Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise 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 March 31, 2018 for a period of more than six months from the date they became payable.

- b) According to the records of the Company, the details of dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value added Tax which have not been deposited on account of any dispute and the forum where the dispute is pending are as follows :

Name of Statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (₹ in Lakh)
Central Excise Act, 1944	Demand of excise duty	CESTAT, Mumbai	2013 - 2014	38
Central Excise Act, 1944	Input tax on railway freight	CESTAT, Mumbai	2012 - 2013 & 2013 - 2014	242
Central Excise Act, 1944	Demand of differential duty of Iron ore	Commissioner, Central Excise, Nagpur	2013 - 2014	159
Income Tax Act, 1961	Income tax assessment	Commissioner of Income Tax (Appeals)	Assessment year 2010 - 2011, 2011-2012 & 2016-2017	162
Income Tax Act, 1961	Income tax assessment	High Court, Nagpur bench, Hon'ble Mumbai High Court	Assessment year 2011-2012 & 2010-2011	4,300

- 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 financial institution, bank or debenture holders. The Company does not have any debentures.
- ix) In our opinion, and according to the information and explanations given to us, the Company has not raised any money way of initial public offer / further public offer, further term loans taken during the year were applied for the purpose for which the loan were obtained.
- 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 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 requisite approvals mandated by the provisions of section 197 with Schedule V to the Act.
- xii) The Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, and according to the information and explanations given to us during the course of audit, transactions with the related parties are in compliance with section 177 and section 188 of the Act and the details have been disclosed in the notes to the standalone IndAS 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 or private placement of shares or fully or partly convertible debentures during the year and hence not commented upon.
- 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.
- xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Regn. No. 000756N
CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
28th May, 2018

“Annexure – B” to the Independent Auditor’s Report to the Members on standalone Ind AS financial statements of Sunflag Iron & Steel Company Limited dated 28th May, 2018.

Report on the Internal Financial Controls under Clause (I) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”) as referred to in paragraph 2(f) of ‘Report on Other Legal and Regulatory Requirements’ section.

We have audited the internal financial controls over financial reporting of **Sunflag Iron & Steel Company Limited** (“the Company”) as of 31st, March 2018 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.” 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.

Auditors' Responsibility

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

We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- 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 standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over financial Reporting issued by the institute of Chartered Accountants of India.

Nagpur
28th May, 2018

For S.S. Kothari Mehta & Co.
Chartered Accountants
Firm Regn. No. 000756N
CA Sunil Wahal
Partner
Membership Number - 087294

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
BALANCE SHEET AS AT 31st MARCH 2018**

Particulars	Note No.	As at 31.03.2018 (₹ in Lakhs)	As at 31.03.2017 (₹ in Lakhs)
A. ASSETS			
1. Non-current Assets			
a) Property, plant and equipment	3	51,278	51,067
b) Capital work-in progress		10,759	4,625
c) Financial Assets			
i. Investments	4	1,172	1,172
ii. Loans	5	2,744	2,745
iii. Bank Balances	6	54	35
Other non current asset	6A	4,689	1,467
Total non-current assets		70,696	61,111
2. Current Assets			
a) Inventories	7	43,283	39,144
b) Financial assets			
i. Trade Receivables	8	30,176	24,888
ii. Cash and cash equivalents	9	480	337
iii. Bank balances other than above	9	4,881	7,155
iv. Others	10	590	62
c) Current tax assets (net)	11	1,077	1,016
d) Other current assets	12	4,879	3,718
Total current assets		85,366	76,320
TOTAL ASSETS		156,062	137,431
B. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share Capital	13	18,022	18,022
b) Other equity	14	65,668	52,801
Total Shareholders' Funds		83,690	70,823
2. Non-current Liabilities			
a) Financial liabilities			
i. Borrowings	15	8,272	4,347
ii. Other financial liabilities	16	760	326
b) Provisions	17	2,966	1,940
c) Deferred Tax Liabilities (Net)	18	7,872	7,773
d) Other non-current liabilities	19	526	751
Total non-current liabilities		20,396	15,137
3. Current Liabilities			
a) Financial liabilities			
i. Borrowings	20	22,064	26,543
ii. Trade payables	21	18,919	14,053
iii. Other financial liabilities	22	9,836	6,139
b) Other current liabilities	23	1,157	4,736
Total current liabilities		51,976	51,471
TOTAL EQUITY AND LIABILITIES		156,062	137,431

Significant accounting policies 1 & 2

The accompanying notes form an integral part of these Financial Statements

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

CS PRANAB PANIGRAHI
COMPANY SECRETARY

DR. E.R.C. SHEKAR
S. GAJENDRAN
K. J. SINGH
MRS. NEELAM KOTHARI
ROO SHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018**

Particulars	Note No.	Year Ended 31.03.2018 (₹ in Lakhs)	Year Ended 31.03.2017 (₹ in Lakhs)
1. Revenue from Operations	24	212,777	171,323
2. Revenue from traded goods		142	-
3. Other Income	25	1,693	775
4. Total Income		214,612	172,098
5. Expenses :			
Cost of raw Materials & Components Consumed	26 (a)	123,331	89,705
Other Manufacturing Expenses	26 (b)	32,690	25,361
Excise duty on sale		5,475	19,684
Purchase of stock-in-trade		146	-
Changes in inventories of finished goods and work-in-progress	27	(1,559)	(3,485)
Employee Benefits Expense	28	10,257	9,426
Finance Costs	29	3,549	3,506
Depreciation and Amortisation Expenses	30	3,413	3,319
Other Expenses	31	18,894	16,091
Total Expenses		196,196	163,607
6. Profit before tax		18,416	8,491
7. Tax Expense :			
a) Current tax expense for current year		5,450	1,861
b) Deferred tax	18	99	113
8. Net Profit after tax		12,867	6,517
9. Other comprehensive Income			
Items that will not be reclassified to profit or loss		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
10. Total comprehensive Income for the year		12,867	6,517
11. Earning per equity share			
Basic	32	7.14	3.62
Diluted	32	7.14	3.62
Significant accounting policies	1 & 2		

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

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

CS PRANAB PANIGRAHI
COMPANY SECRETARY

DR. E.R.C. SHEKAR
S. GAJENDRAN
K. J. SINGH
MRS. NEELAM KOTHARI
ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

Particulars	For the year ended 31.03.2018 (₹ in Lakhs)		For the year ended 31.03.2017 (₹ in Lakhs)	
A. Cash flow from operating activities				
Net Profit/(Loss) before extraordinary items and tax		18,416		8,491
Remeasurement earnings		-		-
<i>Adjustments for :</i>				
Depreciation and amortisation		3,413	-	3,319
(Profit)/loss on sale/write off of assets		(106)	-	(1)
Finance costs		3,549	-	3,506
Interest income	-	(569)	-	(479)
Provision for doubtful trade and other receivables, loans and advances	-	540	-	116
Operating profit/(loss) before working capital changes		25,243		14,952
<i>Changes in working capital :</i>				
<i>Adjustments for (increase)/decrease in operating assets :</i>				
Inventories	(4,139)		(9,065)	
Trade receivables	(5,828)		1,459	
Short-term loans and advances	(1,161)		655	
Long-term loans and advances	1		(1,253)	
Other current assets	(518)		294	
Other non-current assets	(3,241)	(14,886)	(35)	(7,945)
<i>Adjustments for increase/(decrease) in operating liabilities :</i>				
Trade payables	4,866		(1,546)	
Other current liabilities	(1,527)		(5,775)	
Short-term provisions	-		-	
Other long-term liabilities	209		(88)	
Long-term provisions	1,026	4,574	121	(7,288)
Cash flow from extraordinary items		-		-
Cash generated from operations		-		-
Net income tax (paid)/refunds		(5,450)		(1,862)
Net cash flow from/(used in) operating activities (A)		9,481		(2,143)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances		(9,758)		(3,048)
Proceeds from sale of fixed assets		106		1
Interest income		498		479
Long-term investments in - Joint ventures		-		(189)
Net cash flow from/(used in) investing activities (B)		(9,154)		(2,757)
C. Cash flow from financing activities				
Proceeds from issue of equity shares		-		-
Proceeds from long-term borrowings		-		-
Repayment of long-term borrowings		5548		(1,408)
Net increase/(decrease) in working capital borrowings		(4,479)		10,954
Proceeds from other short-term borrowings		-		-
Repayment of unsecured Deferred Sales Tax Loan		-		-
Finance cost		(3,527)		(3,506)
Dividends paid		-		-
Tax on dividend		-		-
Cash flow from extraordinary items		-		-
Net cash flow (used in) / from financing activities (C)		(2,458)		6,040
Net increase/(decrease) in cash and cash equivalents (A+B+C)		(2,131)		1,140
Cash and cash equivalents at the beginning of the year		7,492		6,352
Effect of exchange differences on restatement of foreign currency cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		5,361		7,492

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

CS PRANAB PANIGRAHI
COMPANY SECRETARY

DR. E.R.C. SHEKAR
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MRS. NEELAM KOTHARI
ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018**

Component of cash and cash equivalents	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
Cash and cash equivalents		
- Cash on hand	10	8
- Balances in current account	470	329
	480	337
Other Bank Balances		
- Margin money deposit against Letter of Credit & Bank Guarantee	4,860	7,114
- Unclaimed dividend accounts	21	41
	4,881	7,155
	5,361	7,492

Statement of changes in equity for the year ended 31st March, 2018

a) Equity share Capital

Particulars	No. of shares	Amount (₹ in Lakh)
As at 1st April, 2016	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2017	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2018	180,219,448	18,022

b) Other equity

(₹ in Lakh)

Particulars	Securities premium reserve	Reservs and Surplus		Other comprehensive Income	Total
		General reserve	Retained earnings	Remeasurements of the defined benefit plans	
As at 1st April, 2016	3,785	256	42,243	-	46,284
Total comprehensive income for the year					
Profit of the year	-	-	6,517	-	6,517
As at 31st March, 2017	3,785	256	48,760	-	52,801
Total comprehensive income for the year					
Profit of the year	-	-	12,867	-	12,867
As at 31st March, 2018	3,785	256	61,627	-	65,668

Nature of reserves

- i. Retained earnings represent the undistributed profits of the Company.
- ii. 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.
- iii. General reserve represents the statutory reserve, this is in accordance with Indian Corporate Law wherein a portion of profit is apportioned to general reserve. Under Companies Act, 1956 it was mandatory to transfer the amount before a company can declare dividend. However under Companies Act, 2013, transfer of any amount to general reserve is at the discretion of the Company.
- iv. 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.
- v. Capital reserve represents funds to be utilised for specific purposes.

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

CS PRANAB PANIGRAHI
COMPANY SECRETARY

DR. E.R.C. SHEKAR
S. GAJENDRAN
K. J. SINGH
MRS. NEELAM KOTHARI
ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

Notes forming part of the Financial Statements for the year ended 31st March, 2018
1. Corporate information

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

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

These financial statements are presented in Indian Rupees (₹)

2. Significant accounting policies
I Basis of preparation

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

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

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

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

The financial statements for the year ended 31st March, 2018 were authorized and approved for issue by the Board of Directors on 28th May, 2018.

II Property, plant and equipment

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

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

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

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

III Intangible assets

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

IV Depreciation and amortization

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

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

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

Asset Description	Useful life	Useful life as per schedule - II of the companies Act, 2013
Plant and Machinery		
- Combuster WHRB	15 years	40 years
- Office equipment	5 years	5-10 years

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

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

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

V Impairment of non-financial assets

Property, plant and equipment, intangible assets and assets classified as investment property with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless

the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

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

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

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

VI Inventories

Inventories are valued as under :

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

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

Cost is calculated on weighted average basis.

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

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

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

VII Cash and cash equivalents

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

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

VIII Leases

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

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

Where the Company is the lessor

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

Where the Company as a lessee

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

IX Employee benefits

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

a) Long term benefit

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.

X Earnings per share

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

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

XI Provisions, contingent liabilities, contingent assets and commitments :

General

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

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

Mine restoration or assets retirement obligation

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

Contingent liability is disclosed in the case of :

- ★ There is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- ★ A present obligation arising from past event, when it is not probable that 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 company recognizes impairment on the assets with the contract.

Contingent assets

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

XII Segment accounting and reporting

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

XIII Investment in subsidiaries, joint ventures & associates

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

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

XIV 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.

XV Taxes

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

Current income tax

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

Minimum alternate tax

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

Deferred Tax

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

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

XVI Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from sale of manufactured goods i.e. steel rolled products is recognised in accordance with Ind AS-18 issued by Ministry of Corporate Affairs and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and 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.

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 company's right to receive payment is established.

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

XVII Foreign currency translation / conversion

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

a) Initial recognition

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

b) Conversion

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

c) Exchange differences

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

d) Borrowings

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

e) Borrowing costs

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

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

XVIII Equity shares

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

XIX Financial Instruments**1. Initial recognition**

The company recognises 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 FVOCI, are subsequently fair valued through profit or loss.

e) Financial guarantee contracts.

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

f) Impairment of financial assets

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

g) Cash and cash Equivalents

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

h) Financial liabilities

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

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.

6. Current and non-current classification

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

- ★ Expected to be realized or intended to be sold or consumed in normal operating cycle.
- ★ Held primarily for the purpose of trading.
- ★ Expected to be realized within twelve months after the reporting period, or
- ★ There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- ★ All other liabilities are classified as non-current.
- ★ Deferred tax assets and liabilities are classified as non-current and liabilities.
- ★ The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

XX Fair value measurement

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

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

- ★ In the principle market for the asset or liability, or
- ★ In the absence of a principle market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

XXI Critical accounting estimates, assumptions and judgements

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

a) Property, plant and equipment

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

b) Income taxes

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

c) Contingencies

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

d) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry 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.

XXII Recent accounting pronouncement :

In March 2018, the Ministry of corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS-115, 'Revenue from Contracts with Customers' amendments to Ind AS-107, 'Financial Instrument Disclosures' and Ind AS-109, 'Financial Instruments'. The amendments are applicable to the Company from 1st April, 2018.

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

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

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

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

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

Notes forming part of the financial statement for the year ended 31st March, 2018
3. Property, plant and equipment

(₹ in Lakh)

Particulars	Tangible Assets									Total	Capital Work in Progress
	Free-hold land	Lease-hold land	Building including roads	Railway siding	Plant & machinery	Furniture fixtures & others	Vehicles	Office equipment	Development of mines		
Gross Block											
As at 01.04.2016	188	89	22,665	375	103,983	224	305	411	2,042	130,282	398
Additions/(Disposals)	-	-	-	-	188	-	21	1	-	210	4,227
As at 31.03.2017	188	89	22,665	375	104,171	224	326	412	2,042	130,492	4,625
Additions	-	-	443	-	3,149	-	84	-	-	3,676	9,722
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	(3,588)
Disposals	-	-	-	-	(1,058)	-	-	-	-	(1,058)	-
As at 31.03.2018	188	89	23,108	375	106,262	224	410	412	2,042	133,110	10,759
Accumulated Depreciation											
As at 01.04.2016	-	26	9,541	356	64,767	210	258	389	585	76,132	-
Charge for the year	-	1	514	-	2,684	1	17	-	102	3,319	-
Depreciation adjustments	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	(26)	-	-	(26)	-
As at 31.03.2017	-	27	10,055	356	67,451	211	249	389	687	79,425	-
Charge for the year	-	1	525	-	2,744	1	39	1	102	3,413	-
Depreciation adjustments	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,006)	-	-	-	-	(1,006)	-
As at 31.03.2018	-	28	10,580	356	69,189	212	288	390	789	81,832	-
Net Block as at 31.03.2017	188	62	12,610	19	36,720	13	77	23	1,355	51,067	4,625
Net Block as at 31.03.2018	188	61	12,528	19	37,073	12	122	22	1,253	51,278	10,759

Notes :

- Addition to capital work in progress include ₹ Nil of the finance cost capitalised during the year (Previous year ₹ Nil).
- Cost of Leasehold land is amortised over the period of lease i.e. 95 years.
- The Company has elected to measure the items of Property, plant and equipment at their cost on the date of transition.

Additional information
Asset under construction

Capital work in progress incurred as at 31st March, 2018 amounted ₹ 10,759 lakhs (Previous year, ₹ 4,625 lakhs) in view of implementation of new projects viz.

- New sinter plant
- Induction Furnace
- Continuous Finishing Line
- Ingot Caster
- Transit House at Bhandara

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

Impairment review

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

Key assumptions used in value-in-use calculations:- Operating margins (Earnings before interest and taxes); Discount rate; Growth rates; Capital expenditures.

4. Non- Current Investments

(₹ in Lakh)

Particulars	As at 31.03.2018	As at 31.03.2017
Non trade investment in equity instruments	1,172	1,172
Less : Provision for diminution in the value of investments	-	-
Total	1,172	1,172
Aggregate amount of unquoted investments	1,172	1,172

Pursuant to the Supreme Court Order dated 24th September, 2014, the Coal Block allocated to the Company with other Shareholders/Joint Venture partners in the names of Khappa Coal Company Private Limited Madanpur (North) Coal Co. 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 below Company's mines, is pending, as the re-auctioning process of these mines are not yet completed. In view of belowsaid, the Company has not recognized any amount towards diminution in the value of the investments made in the Subsidiaries and Joint Venture companies.

Notes forming part of the financial statement for the year ended 31st March, 2018
Details of Non Trade Investments in Equity Shares

Name of the Body Corporate Investment in equity instruments (at cost, unquoted & fully paid)	No. of Shares / Units		Extent of Holding (%)		Amount (₹ in Lakh)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Subsidiaries						
Sunflag Power Limited	49,940	49,940	99.88	99.88	5	5
Khappa Coal Company Private Limited	3,163,500	3,163,500	63.27	63.27	252	252
Sunflag Foundation	10,000	10,000	100.00	100.00	1	1
Joint Ventures						
Madanpur (North) Coal Co. Private Limited	1,210,188	1,210,188	11.73	11.73	110	110
C T Mining Private Limited	3,180,000	3,180,000	31.80	31.80	295	295
Daido D.M.S. India Private Limited	3,600,000	3,600,000	20.00	20.00	297	297
Ramesh Sunwire Private Limited	2,205,000	2,205,000	49.00	49.00	212	212
Others						
India Bulls CSEB Bhaiyathan Power Limited	74	74	-	-	-	-
Total					1,172	1,172
Additional Information :						
Aggregate amount of quoted investments					-	-
Market value of quoted investments					-	-
Aggregate amount of unquoted investments					1,172	1,172
Aggregate amount of impairment in value of investments					-	32

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)		As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
5. Non- Current loans (unsecured)			9. Cash and bank balances		
Security deposits	981	995	a) Cash and cash equivalents		
Loans and advances to related parties	1,763	1,750	Cash on hand	10	8
	<u>2,744</u>	<u>2,745</u>	Balances with banks in current accounts	470	329
6. Bank Balances (non current)			Total (a)	<u>480</u>	<u>337</u>
Non current bank balances *	54	35	Margin money deposit against LC & BG	4,860	7,114
Total	<u>54</u>	<u>35</u>	Unclaimed dividend accounts #	21	41
6A. Other non-current assets			Total (b)	<u>4,881</u>	<u>7,155</u>
Capital advances	4,689	1,467	Total (a+b)	<u>5,361</u>	<u>7,492</u>
Total	<u>4,689</u>	<u>1,467</u>	10. Other current financial assets		
7. Inventories			Accruals - Interest accrued on deposits	107	36
Raw materials and components on hand	14,322	8,181	Loans & advances to employees	33	13
Goods-in transit (raw material)	-	63	Export incentives receivable	6	11
Work-in-progress	14,296	9,030	Claims receivables	58	-
Finished goods	12,125	20,245	Others	386	2
Consumables, stores and spares	2,540	1,625		<u>590</u>	<u>62</u>
Total	<u>43,283</u>	<u>39,144</u>	11. Current tax assets (net)		
8. Trade receivables #			Advance tax net of provision	1,077	1,016
Unsecured, considered good	30,176	24,888		<u>1,077</u>	<u>1,016</u>
Unsecured, considered doubtful	704	164	12. Other current assets		
	<u>30,880</u>	<u>25,052</u>	Advance to vendors	3,226	2,105
Less: Provision for doubtful debts	(704)	(164)	Prepaid Expenses	268	328
	<u>30,176</u>	<u>24,888</u>	Balances with Statutory/Govt Authorities *	1,385	1,285
				<u>4,879</u>	<u>3,718</u>

Trade receivables are non interest bearing and receivable in normal operating cycle

* It represent Escrow account amount for Mine restoration obligation

During the year an amount of ₹ 20.24 lakh has been transferred to Investors Education Protection Fund

* includes duty paid under protest

13. Equity Share capital

(₹ in Lakh)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	205,000,000	20,500	205,000,000	20,500
Total	205,000,000	20,500	205,000,000	20,500
Subscribed, issued & fully paid up				
Equity shares of ₹ 10/- each	180,219,448	18,022	180,219,448	18,022
Total	180,219,448	18,022	180,219,448	18,022

a) Terms/ Voting Rights attached to the Equity Shares

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

b) Reconciliation of the number of shares outstanding

Movement of Shares	As at 31.03.2018	As at 31.03.2017
Opening number of shares issued	180,219,448	180,219,448
Shares issued during the year	-	-
Shares bought back during the year	-	-
Closing number of shares issued	180,219,448	180,219,448

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

Name of shareholder	As at 31.03.2018		As at 31.03.2017	
	Number of shares	% Holding	Number of shares	% Holding
Sunflag Limited, Channel Islands, UK	65,253,582	36.21%	65,253,582	36.21%
Daido Steel Co. Ltd., Japan	18,021,945	10.00%	18,021,945	10.00%
Mr. Suhrit Ravi Bhushan Bhardwaj	13,217,398	7.33%	13,217,398	7.33%

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

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

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
14. Other equity		
Securities premium reserve	3,785	3,785
General reserve	256	256
Retained earnings	61,627	48,760
Total	65,668	52,801
15. Non current borrowings		
Secured		
Term loans - from banks	6,963	976
Less : Current maturities of long-term debt (refer note 22)	(2,500)	(976)
Total (a)	4,463	-
Unsecured		
a) From promoters (interest free)	1,375	1,375
b) Other loans and advances		
Interest free Sales Tax loan	3,254	3,693
Less : Current maturities of long-term debt (refer note 22)	(820)	(721)
Total (b)	3,809	4,347
Total (a+b)	8,272	4,347

- 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.
- Term loan of ₹ 7,500 lakhs (outstanding ₹ 6,963 lakhs) borrowed from State Bank of India is further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.
- 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 has occurred in repayment during the period.
- v. The Unsecured loans comprising Interest free Sales Tax Loan valued on NPV basis. Actual liability is ₹ 3,254 lakhs. The repayment of the sales tax loan is made as per the schedule and no default has occurred in repayment during the period.
- vi. Rate of interest charged on Rupee Term loan sanctioned by SBI - 10.80% (subject to reset on 19th February, 2019). (₹ in Lakh)

Maturity Profile	0-1 year	1 - 2 year	2 - 3 years	3 - 4 years	Beyond 4 years
Term loan from banks	2,500	2,500	1,963	-	-
Unsecured Interest Free Sales Tax Loan	820	860	812	762	-

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
16. Other non - current financial liabilities		
Payable for capital goods	548	150
Security Deposit (Deposit recovered from contractors continue to remain over one year)	212	176
	<u>760</u>	<u>326</u>
17. Non - current provisions		
Provision for employee benefits	1,329	931
Provision for contingencies (refer below mention note)	1,637	1,009
	<u>2,966</u>	<u>1,940</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	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016 -2017
Opening	901	901	108	99	1,009	1,000
Provision during the year	618	-	-	-	618	-
Remeasurement losses accounted in OCI	-	-	-	-	-	-
Payment during the year	-	-	-	-	-	-
Interest Charge for the year	-	-	10	9	10	9
Closing	<u>1,519</u>	901	<u>118</u>	108	<u>1,637</u>	1,009

18. Deferred tax liabilities

Particulars	Balances as on 31.03.2018	Charge/Credit during the year	Balances as on 31.03.2017
Deferred Tax Liabilities on			
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income tax Act,1961	9,045	574	8,471
	<u>9,045</u>	<u>574</u>	<u>8,471</u>
Deferred Tax Asset on			
Provision for doubtful debts	246	189	57
Expenses allowed under Income Tax Act,1961 on payment basis	927	286	641
	<u>1,173</u>	<u>475</u>	<u>698</u>
Net Deferred Tax Liability (Current Year)	<u>7,872</u>	<u>99</u>	<u>7,773</u>
Net Deferred Tax Liability (Previous year)	<u>7,773</u>	<u>113</u>	<u>7,660</u>

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31.03.2018 and 31.03.2017

	Year ended 31.03.2018 (₹ in Lakh)	Year ended 31.03.2017 (₹ in Lakh)
Accounting profit before tax	18,416	8,491
Applicable tax rate	34,608%	34,608%
Computed tax	6,373	2,939
Adjustments	-	-
Less : Mat Credit entitlement utilise	(1,011)	(1,126)
Permanent disallowance	52	26
Due to change in tax rate	76	-
Less : Other	59	136
	<u>5,549</u>	<u>1,975</u>

	As at 31.03.2017 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
19. Other non - current liabilities		
Government grant	526	751
	<u>526</u>	<u>751</u>
20. Current financial liabilities - Borrowings		
Secured		
Loans repayable on demand		
Borrowings for working capital from banks	16,448	22,126
UnSecured		
Customer bills discounted	5,616	4,417
	<u>22,064</u>	<u>26,543</u>
i. Working capital borrowings are secured by way of hypothecation of Inventories and book debts and further secured by way of second charge ranking <i>pari passu</i> over the fixed assets situated at Village Warthi, District Bhandara both present and future, subject to prior charges created by the Company in favour of banks for securing term loan. Working capital borrowings are secured by the personal guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.		
ii. Interest on working capital loan from Banks are charged at respective bank's MCLR plus 50 -100 bps		
21. Current financial liabilities		
Trade payables		
a) Acceptances	2,994	5,791
b) Other than acceptances	15,925	8,262
	<u>18,919</u>	<u>14,053</u>
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor.		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	30
The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006.	-	-
	<u>-</u>	<u>30</u>
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. Moreover the Company is in the process of updating its suppliers data, as to the status as a Micro Small & Medium Enterprise with a copy of the Memorandum filed as per the provisions of Section 8 of the Micro, Small & Medium Enterprises Development Act, 2006.		
22. Other current financial liabilities		
Current maturities of long-term debt		
i) Term loan from banks	2,500	976
ii) Unsecured Interest free Sales Tax Loan	820	721
Interest accrued but not due on long term borrowings	37	16
Unclaimed dividends *	21	41
Discount and selling overheads	1,487	838
Managerial commission	611	274
Salary & Reimbursements	840	928
Others	3,520	2,345
	<u>9,836</u>	<u>6,139</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection fund.		
23. Other Current Liabilities		
a) Government grant	229	233
b) Others		
Excise Duty on closing stock	-	3,896
Statutory dues payable	746	534
Other	181	72
	<u>1,157</u>	<u>4,736</u>

	For the year ended		For the year ended	
	31.03.2018 (₹ in Lakh)	31.03.2017 (₹ in Lakh)	31.03.2018 (₹ in Lakh)	31.03.2017 (₹ in Lakh)
24. Revenue From Operations				
Sale of manufactured goods	212,684	171,107		
Sub Total	212,684	171,107		
Other operating income				
Conversion charges received	1	141		
Duty drawback & export incentives	92	75		
Sub Total	93	216		
Total revenue from operations	212,777	171,323		
25. Other Income				
Interest Income	569	479		
Insurance claims	79	41		
Amortization of government grant	229	233		
Gain on foreign exchange fluctuation	23	-		
Others	793	22		
	1,693	775		
26. a) Cost of raw material & components consumed				
Inventory at the beginning of the year	11,279	6,372		
Add : Purchases during the year	132,699	94,612		
Less: Inventory at the end of the year	20,647	11,279		
Total raw material consumption (a)	123,331	89,705		
b) Other Manufacturing Expenses				
Consumption of fuel	3,903	3,930		
Consumption of power (Net of captive consumption)	8,335	8,333		
Coal mine freight & other expenses	9,985	5,079		
Contract expenses	10,467	8,019		
Total Other Manufacturing Expenses (b)	32,690	25,361		
Total Expenses (a+b)	156,021	115,066		
Details of raw material & components consumed				
Iron ore & iron ore fines	24,217	18,606		
Coal & coal fines #	4,163	5,330		
Coke	43,103	28,766		
Sponge iron	17	-		
Scrap & HBI	2,088	1,580		
Ferro alloys	20,511	16,236		
Fluxes, minerals & additives	6,156	5,672		
Electrodes	2,747	1,262		
Others	20,329	12,253		
Total	123,331	89,705		
Details of Inventory Raw Material & Components				
Iron Ore & Iron Ore Fines	3,461	2,784		
Coal & Coal Fines #	1,111	470		
Coke	4,019	2,057		
Scrap & HBI	139	81		
Ferro Alloys	1,994	1,974		
Fluxes, Minerals & Additives	548	324		
Electrodes	1,990	108		
Goods in Transit	-	63		
Others	7,385	3,418		
Total	20,647	11,279		
# Net of Consumption of Coal from Captive Mines				
27. Change in inventories of finished goods and work-in-progress				
Inventories at the end of the year				
Finished goods	12,125	20,245		
Work-in-progress	14,296	9,030		
	26,421	29,275		
Inventories at the beginning of the year				
Finished goods	20,245	16,953		
Work-in-progress	9,030	8,164		
	29,275	25,117		
Excise Duty on account of increase / (decrease) in stock of finished product	(4,413)	673		
Net (increase) / decrease	(1,559)	(3,485)		
28. Employee Benefit Expenses				
Salaries, Wages and Bonus	8,341	7,618		
Contribution to Provident & other Funds	1,367	1,247		
Staff Welfare Expenses	549	561		
	10,257	9,426		
29. Finance Cost				
Interest on term loans	388	603		
Interest on working capital loans	2,195	2,316		
Interest on bills discounted	409	147		
Other borrowing costs	557	440		
	3,549	3,506		
30. Depreciation and amortization expense				
Depreciation of tangible assets	3,413	3,319		
Amortization of intangible assets	-	-		
	3,413	3,319		
31.				
31.1 Other Expenses				
Freight & forwarding	9,152	7,237		
Travelling expenses	438	396		
Insurance charges	185	184		
Rent, rates and taxes	279	272		
Repairs & maintenance	190	145		
Printing & stationary	41	31		
Loss on foreign exchange fluctuation	-	105		
Postage & telephones	86	97		
Loss on impairment of property, plant & equipment	-	-		
Corporate social responsibility	150	105		
Admin Expenses	1,275	528		
Legal & professional expenses #	668	516		
Payment to statutory auditors (Refer details below)	17	17		
Commission	92	154		
Discounts	5,594	6,012		
Provision for doubtful debts	540	116		
Other Selling overheads	187	176		
	18,894	16,091		
31.2 Payments to Auditor				
Statutory Audit Fees *				
Statutory Audit fees	15	15		
Tax audit fees	2	2		
Total	17	17		
# Includes Statutory Auditor's out of pocket expenses of ₹ 16 Lakh (previous year ₹ 8 Lakh)				
* Includes fee paid to joint auditor				

32. Earnings Per Share		For the year ended 31.03.2018 (₹ in Lakh)	For the year ended 31.03.2017 (₹ in Lakh)
Basic Earnings per Share			
Continuing Operations			
Profit / (Loss) after Tax (₹)	₹ in lakh	12,867	6,517
Weighted Average shares outstanding at the end of Year	Number	180,219,448	180,219,448
Number of Shares outstanding at the end of year	Number	180,219,448	180,219,448
Basic and diluted Earnings ₹ per equity share		7.14	3.62

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 31.03.2018	As at 31.03.2017
i) Contingent liabilities		
a) Unexpired letter of credit	6,003	3,201
b) Guarantees issued by Company's bankers on behalf of the Company	6,468	7,324
c) Bonds/ undertakings given by the Company under duty exemption scheme to the custom authorities	-	616
d) Excise duty & custom duty against which company has preferred	751	65
e) Income Tax Liability - Disputed but paid	162	613
f) Income Tax Liability - Disputed and not paid	4,300	-
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	8,476	4,954

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

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

Name of the party	Relationship	Amount outstanding as at		Maximum balance outstanding during	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
Khappa Coal Company Private Limited	Subsidiary	737	737	737	737
Sunflag Power Limited	Subsidiary	995	982	995	982

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 Ind AS-108 'Operating Segments'.

Entity wise disclosure required by Ind AS-108 are made as follows:

Particulars	Year ended 31 st March 2018		Year ended 31 st March 2017	
	Domestic	Foreign	Domestic	Foreign
Revenues from sale of products to external customers	207,827	4,858	167,612	3,495
Non - Current Assets				
Property, Plant and Equipment	51,278	-	51,067	-
Capital work in progress	10,759	-	4,625	-
Other non current assets	7,433	-	4,212	-

36. Operating Lease

Operating lease commitments - Company as lessee

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

	<u>As at 31.03.2018</u>	<u>As at 31.03.2017</u>
Lease Payment during the year	161	217
	<u>161</u>	<u>217</u>

Future minimum rentals payable under non-cancellable operating leases as at 31st March, 2018 are as follows :

Future minimum lease payments

Not later than one year	183	361
Later than one year and not later than five years	1,978	1,844
Later than five years	3,955	4,450
Total	<u>6,116</u>	<u>6,655</u>

37. Capital management

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

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

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

(₹ in Lakh)

Particulars	As at 31.03.2018	As at 31.03.2017
Long term borrowing	8,272	4,347
Short term borrowing	22,064	26,543
Current maturities of long-term debt	3,320	1,697
Less : Cash and bank balance	(5,361)	(7,492)
Net debt	28,295	25,095
Equity	83,690	70,823
Capital and net debt	111,985	95,918
Gearing ratio	25%	26%

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

No changes were made in the objectives policies or processes for managing capital during the years ended 31st March 2018, 31st March 2017.

38. Subsequent events : There are no reportable events

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

39. Employee benefit plans

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

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

(₹ in Lakhs)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Statement showing changes in Present Value of obligation :						
Present value of obligations at the beginning of the year	2,168	1,457	5,346	4,899	2,397	2,285
Interest Cost	11	12	514	469	187	170
Current Service Cost	131	128	903	884	222	204
Benefits paid	(970)	(207)	(812)	(905)	(237)	(263)
Actuarial Loss on Obligations	648	778	-	-	-	-
Present value of obligations as at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Table showing changes in the fair value of Plan Assets :						
Fair value of Plan Assets at the beginning of year	2,168	1,457	5,346	4,899	2,397	2,285
Expected return on Plan Assets	11	12	514	469	187	170
Contributions	648	566	903	884	222	204
Benefits paid	(970)	(207)	(812)	(905)	(237)	(263)
Actuarial Gain / (Loss) on Plan Assets	775	339	-	-	-	-
Fair value of Plan Assets at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Funded Status	-	-	-	-	-	-
Excess of Actual over estimated return on Plan Assets	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised :						
Actuarial Loss for the year - Obligation	648	778	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	-	-	-	-	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	648	778	-	-	-	-

Particulars	(₹ in Lakhs)					
	Gratuity		Provident Fund		Superannuation	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Amounts to be recognised in the Balance Sheet :						
Present value of obligations as at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Fair value of Plan Assets as at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Funded Status	-	-	-	-	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	-	-	-	-	-	-
Expenses Recognised in the statement of Profit and Loss Account :						
Current Service Cost	131	128	514	469	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	514	469	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	648	778	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	648	566	-	-	-	-
Actuarial Assumptions :						
Discount Rate	7.50%	7.30%	8.65%	8.80%	-	-
Salary Escalation	7.00%	5.00%	5.00%	5.00%	-	-
Investment Details (%) :						
GOI Securities	-	-	32%	37%	-	-
State Government Securities	-	-	31%	29%	-	-
Approved Marketable Securities	-	-	-	-	-	-
Bonds / Debentures etc	-	-	33%	31%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	4%	3%	-	-
Total	-	-	100%	100%	-	-

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

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

In accordance with the requirements of Ind AS-24, on related party disclosures name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reporting periods.

Related Party Name and Relationship

(₹ in Lakhs)

i) Key management personnel	Designation	Account	Transactions year ended		Outstanding As on	
			31.03.2018	31.03.2017	31.03.2018	31.03.2017
Mr. P.B. Bhardwaj	Past Chairman	Commission	-	26	-	-
Mr. Ravi Bhushan Bhardwaj	Non Executive Chairman	Commission	198	60	3	6
Mr. Pranav Bhardwaj	Managing Director	Remuneration & Commission	554	314	1	-
Mr. Surendra Kumar Gupta	Deputy Managing Director	Remuneration	101	90	-	-
Mr. R. Murlidhar (w.e.f. 14.08.2017)	Executive Director (Finance) & CFO	Remuneration	48	-	-	-
Mr. Ramchandra V. Dalvi (w.e.f. 14.08.2017)	Executive Director(Works)	Remuneration	34	-	-	-
CS Pranab Panigrahi	Company Secretary	Remuneration	-	-	-	-
Mr. Suhrit Ravi Bhushan Bhardwaj	Relative of Director	Rent Paid	5.00	21.00	-	-
Dr. E.R.C. Shekhar	Non Executive, Independent Director	Commission & Sitting Fees	2.55	2.32	-	-
Mr. Kumar Jitendra Singh	Non Executive, Independent Director	Commission & Sitting Fees	2.15	1.97	-	-
CA Jayesh M. Parmar	Non Executive, Independent Director	Commission & Sitting Fees	1.95	2.11	-	-
Mr. S. Gajendran	Non Executive, Independent Director	Commission & Sitting Fees	2.30	2.04	-	-
Mrs. CA Neelam Kothari	Non Executive, Independent Director	Commission & Sitting Fees	2.00	1.68	-	-
Mr. Rooshad Russi Patel	Non Executive, Independent Director	Commission & Sitting Fees	0.20	-	-	-

(₹ in Lakh)

ii) Subsidiaries	Shareholding as on 31.03.2018	Account	Transactions year ended		Outstanding As on	
			31.03.2018	31.03.2017	31.03.2018	31.03.2017
Sunflag Power Limited	100%	Unsecured Loan	13	12	995	982
		Interest	90			
		Interest	(90)			
Khappa Coal Company Private Limited	63%	Advance Paid	-	-	737	737
		Interest	66			
		Interest	(66)			
Sunflag Foundation	100%		-	1		
Interest on advances to Subsidiaries charged @ 9% p.a. However, as these Companies are not commercially operational the same has been waived off since the chances of recovery is remote.						
iii) Joint Ventures						
Daido D.M.S. India Private Limited	20.00%	Share Capital	-	-	-	-
Ramesh Sunwire Private Limited	49.00%	Share Capital	-	221	-	-
		Advances	150	-	150	-
CT Mining Private Limited	31.80%	Share Capital				
iv) Associate Enterprises						
Haryana Televisions Limited	Relationship through KMP	Rent	56	48	21	21

41. Interest In Joint Ventures

The Company has interests in the following jointly controlled entities:

Name of Companies and country of incorporation	% of shareholding	Amount of Interest based on accounts for the year ended 31.03.2018					
		Assets	Liabilities	Income	Expenditure	Contingent Liabilities	Capital Commitments
Daido D.M.S. India Private Limited	20.00 (20.00)	367 (322)	367 (322)	168 (96)	180 (13)	- -	- -
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	396 (217)	396 (217)	- -	1 (8)	- -	- -
C T Mining Private Limited	31.80 (31.80)	307 (302)	307 (302)	8 (8)	5 (4)	- -	- -

Note : Figures in brackets relate to the previous year.

42. Fair value hierarchy

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

Financial Assets	Fair value hierarchy	As at 31.03.2018		As at 31.03.2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets designated at fair value through profit and loss					
Non current financial asset - investments	Level-2	1,172	1,172	1,172	1,172
Financial assets designated at fair value through other comprehensive income					
Financial assets designated at amortised cost					
Non current financial asset - Loans		2,744	2,744	2,745	2,745
Non current financial asset - Bank		54	54	35	35
Current financial asset - Trade receivables		30,176	30,176	24,888	24,888
Current financial asset - Cash and cash equivalents		480	480	337	337
Financial Asset - Bank balances other than above		4,881	4,881	7,155	7,155
		39,507	39,507	36,332	36,332

(₹ in Lakh)

Financial Liabilities	Fair value hierarchy	As at 31.03.2018		As at 31.03.2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liability designated at amortised cost					
Non current financial liabilities - Borrowings		8,272	8,272	4,347	4,347
Non current financial liabilities - Other		760	760	326	326
Current financial liabilities - Borrowings		22,064	22,064	26,543	26,543
Current financial liabilities - Other		9,836	9,837	6,139	6,139

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. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31st March, 2018 and 31st March, 2017.

Interest rate risk

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

Interest rate sensitivity

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

(₹ in Lakh)

Increase / (decrease) in interest rate		Effect on profit before tax	
As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
0.50%	0.50%	(12.92)	(14.60)
(0.50%)	(-0.50%)	12.92	14.60

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 related primarily to the Company's operating and financing activities.

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

ii) Credit risk

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

Trade receivables

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

(₹ in Lakhs)

Aging	Total		Up to 6 month		More than 6 month	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Trade receivables	30,176	24,888	29,390	24,120	786	768
Less : ECL Provision	(704)	(164)	-	-	(704)	(164)

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	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Non current financial liabilities								
i) Borrowings*	11,592	6,044	3,320	1,697	3,360	860	4,912	3,487
ii) Others	760	326	548	150	-	-	212	176
Current financial liabilities								
i) Borrowings*	22,064	26,543	22,064	26,543	-	-	-	-
ii) Others	6,516	4,442	6,516	4,442	-	-	-	-

* including current maturity of long term debt

44. Information related to Consolidated Financial

The company is listed on stock exchange in India, the Company has prepared consolidated financial 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.

45. The Company has spent amount on corporate social responsibility expenses as below :

Particulars	31.03.2018	31.03.2017
Gross amount required to be spent during the year	150	105
Amount spent during the year	150	105

46. The Board of Directors have recommended for declaration of dividend at the Rate of 5% on equity shares (face value ₹ 10/- each) amounting to ₹ 1,095 Lakhs inclusive of Dividend Distribution Tax at their meeting held on 28th May, 2018 and to be approved at the Annual General Meeting.

47. Previous year's figures have been regrouped / re-classified wherever necessary to make them more comparable.

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

CS PRANAB PANIGRAHI
COMPANY SECRETARY

DR. E.R.C. SHEKAR
S. GAJENDRAN
K. J. SINGH
MRS. NEELAM KOTHARI
ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

Form No. AOC – 1

Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules 2014)

Statement containing salient features of the financial statement of subsidiaries / 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	31.03.2018	31.03.2018	31.03.2018
% of Shareholding of Sunflag Iron and Steel Company Limited	99.88%	63.27%	100%
Paid-up Share Capital	5.00	1,165.00	1.00
Interest free Unsecured Loan	995.00	1,165.00	0.00
Share Application Money	-	-	-
Reserves and Surplus	-	(97.00)	-
Other Liabilities	-	3.00	110.00
Total Assets	1000.00	1,571.00	110.00
Total Liabilities	1000.00	1,571.00	111.00
Investments	-	-	-
Turnover	-	-	-
Profit / (Loss) before Taxation	-	4.30	-
Profit/(Loss) after Taxation	-	4.44	-
Proposed Dividend	-	-	-

Note: All the three subsidiaries mentioned above have yet to commence the business / operations.

Part "B" Associates & Joint Ventures
Statement Pursuant to sub-section (3) of Section 129 of the Companies Act, 2013 related to Associate Companies and Joint Ventures

(₹ in Lakh)

S. N.	Particulars Name	Madanpur (North) Coal Company Private Limited	CT Mining Private Limited	Daido D.M.S India Private Limited	Ramesh Sunwire Private Limited
1	Latest audited Balance Sheet date	31.03.2018	31.03.2018	31.03.2018	31.03.2018
2	Shares of Associate / Joint Ventures held by the Company No.	11.73% 1,210,188	31.80% 3,180,000	20.00% 3600000	49.00% 2205000
	Amount of investment in Associate / Joint Ventures	121.00	318.00	360.00	220.50
	Extend of holding %	11.73%	31.80%	20.00%	49.00%
3	Description of how there is significant influence	Part of decision making	Shareholding exceeding 20%	Part of decision making	Part of decision making
4	Reason why the Associate / Joint Ventures not consolidated	N.A.	N.A.	N.A.	N.A.
5	Networth attributable to Shareholding as per latest audited Balance Sheet	110.00	299.56	288.46	211.37
6	Profit / (Loss) for the year considered in consolidation	-	4.66	(9.22)	(1.10)
	Not Considered in consolidation	Equity accounted	Equity accounted	Equity accounted	Equity accounted
		Equity accounted	Equity accounted	Equity accounted	Equity accounted

Note : All the Joint-Ventures mentioned above, except Daido DMS India Pvt. Ltd., have yet to commence the business/operations

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
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ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

INDEPENDENT AUDITORS' REPORT

To

The Members
Sunflag Iron and Steel Company Limited
C I N - L27100 MH 1984 PLC 034003
33, Mount Road, Sadar, Nagpur - 440001

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Sunflag Iron & Steel Company Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries & joint ventures (collectively referred to as "the Group"), comprising of the consolidated balance sheet as at 31st March 2018, the consolidated statement of profit and loss (including other comprehensive income), the consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities, the selection and application of appropriate accounting policies, making judgments and estimates that are reasonable and prudent, and the 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 / consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2018, its consolidated profit including other comprehensive income, its consolidated cash flows and their consolidated statement of changes in equity for the year ended on that date.

Other Matters

- i. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of 2,571 lakhs as at 31st March, 2018; as well as the total revenue of 5 lakh for the year ended 31st March 2018, as considered in the consolidated financial statements. These financial statements and other financial information have been audited by other auditors whose audit reports for the year ended 31st March 2018 have been furnished to us, and our opinion on the consolidated results for the year ended 31st March 2018 is based solely on the reports of the other auditors.
 - ii. The consolidated Ind AS financial statement also include the Group's share of profit including other comprehensive income of (-) ₹ 6 lakhs for the year ended 31st March 2018 in respect of three joint venture companies, whose financial statements have not been audited by us, as considered in the consolidated Ind AS financial statements. These financial statements / financial information are unaudited and certified & furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint ventures, are based solely on such unaudited & management certified financial statements. In our opinion and according to the information and explanations given to us by the Management, the financial statements of these joint ventures are not considered material to the Group.
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-

- iii. We did not audit the financial statements / financial information of one subsidiary whose financial statements / financial information reflect total assets of 111 lakh as at 31st March 2018; as well as the total revenue total revenue of Nil for the year ended 31st March 2018, as considered in the consolidated financial statement. These financial statements/financial information are unaudited and certified & furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary, is based solely on such unaudited & management certified financial statements. In our opinion and according to the information and explanations given to us by the Management, the financial statements of this subsidiary is not considered material to the Group.

Our opinion on the consolidated Ind AS financial statements and our report on Other Legal and Regulatory Requirements below, is not modified in respect of above matters with respect to the our reliance on the work done and the reports of the other auditors.

Report on other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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 Ind AS financial statements;
 - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated balance sheet the consolidated statement of profit and loss, the consolidated cash flow statement 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 Ind AS financial statements;
 - d) In our opinion the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards 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 31st March 2018 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its subsidiaries none of the directors of the Group incorporated in India is disqualified as on 31st March 2018 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 Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure-A".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the considerations of the reports of the others reports on separate financial statements as also the other information of the subsidiaries and joint ventures, as noted in the 'Other Matters' paragraph:
 - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 33 to the Consolidated Ind AS financial statements.
 - ii. The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the investor Education and Protection Fund by the Holding Company, its subsidiaries and joint ventures incorporated in India.

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

CA Sunil Wahal
Partner
Membership Number - 087294

Nagpur
28th May, 2018

"Annexure – A" to the Independent Auditor's Report to the members of Sunflag Iron & Steel Company Limited dated 28th May, 2018 on its consolidated Ind AS financial statements.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") as referred to in paragraph 2(f) of 'Report on Other Legal and Regulatory Requirements' section.

In conjunction with our audit of the consolidated Ind AS financial statements of **Sunflag Iron & Steel Company Limited** as of and for the year ended 31st March 2018, we have audited the Internal Financial Controls Over Financial Reporting of **Sunflag Iron & Steel Company Limited** (hereinafter referred to as the "Holding Company") and its subsidiary companies & joint ventures (together referred to as "the Group"), which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company 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. 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.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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, the Holding Company, its subsidiary companies which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

- a) Our aforesaid reports under Section 143(3)(l) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.
- b) In our aforesaid reports we are unable to comment under Section 143(3) (i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary and three joint ventures which is incorporated in India as financial statements of that subsidiary and joint ventures are not audited and has been consolidated on the basis of management accounts. These subsidiaries and joint ventures are not material to the Group.

Our audit report is not qualified in respect of the above matters.

Nagpur
28th May, 2018

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

CA Sunil Wahal
Partner
Membership Number - 087294

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED BALANCE SHEET AS AT 31st MARCH 2018**

Particulars	Note No.	As at 31.03.2018 (₹ in Lakhs)	As at 31.03.2017 (₹ in Lakhs)
A. ASSETS			
1. Non-current Assets			
a) Property, plant and equipment	3	51,463	51,253
b) Capital work-in progress		13,010	6,863
c) Financial Assets			
i. Investments	4	908	914
ii. Loans	5	1,012	1,026
iii. Bank Balances	6	54	35
d) Other non current asset	6A	4,689	1,467
Total non-current assets		71,136	61,558
2. Current Assets			
a) Inventories	7	43,283	39,144
b) Financial assets			
i. Trade Receivables	8	30,176	24,888
ii. Cash and cash equivalents	9	610	429
iii. Bank balances other than above	9	4,973	7,244
iv. Others	10	590	63
c) Current tax assets (net)	11	1,077	1,016
d) Other current assets	12	4,903	3,742
Total current assets		85,612	76,526
TOTAL ASSETS		156,748	138,084
B. EQUITY AND LIABILITIES			
1. Shareholders' funds			
a) Share Capital	13	18,022	18,022
b) Other equity	14	65,772	52,873
Total Shareholders' Funds		83,794	70,895
Non controlling interest		148	146
2. Non-current Liabilities			
a) Financial liabilities			
i. Borrowings	15	8,700	4,775
ii. Other financial liabilities	16	760	326
b) Provisions	17	2,966	1,940
c) Deferred tax liabilities (Net)	18	7,872	7,773
d) Other non-current liabilities	19	526	751
Total non-current liabilities		20,972	15,711
3. Current Liabilities			
a) Financial liabilities			
i. Borrowings	20	22,064	26,543
ii. Trade payables	21	18,919	14,053
iii. Other financial liabilities	22	9,842	5,669
b) Other current liabilities	23	1,157	5,213
Total current liabilities		51,982	51,478
TOTAL EQUITY AND LIABILITIES		156,748	138,084

Significant accounting policies 1 & 2

The accompanying notes form an integral part of these Financial Statements

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

CS PRANAB PANIGRAHI
COMPANY SECRETARY

DR. E.R.C. SHEKAR
S. GAJENDRAN
K. J. SINGH
MRS. NEELAM KOTHARI
ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2018**

Particulars	Note No.	Year Ended 31.03.2018 (₹ in Lakhs)	Year Ended 31.03.2017 (₹ in Lakhs)
1. Revenue from Operations	24	212,777	171,323
2. Revenue from traded goods		142	-
3. Other Income	25	1,698	781
4. Total Income		214,617	172,104
5. Expenses			
Cost of raw Materials & Components Consumed	26 (a)	123,331	89,705
Other Manufacturing Expenses	26 (b)	32,690	25,361
Excise duty on sale		5,475	19,684
Purchase of stock-in-trade		146	-
Changes in inventories of finished goods and work-in-progress	27	(1,559)	(3,485)
Employee Benefits Expense	28	10,258	9,426
Finance Costs	29	3,549	3,506
Depreciation and Amortisation Expenses	30	3,413	3,320
Other Expenses	31	18,786	16,055
Total Expenses		196,089	163,572
6. Profit before tax		18,528	8,532
7. Profit/(loss) after tax before share of profit in associates		(6)	(35)
8. Tax Expense			
a) Current tax expense for current year		5,450	1,862
b) Deferred tax	18	99	113
9. Profit/(Loss) for the year from continuing operation after tax		12,973	6,522
10. Profit/(Loss) for the year from continuing operation after tax attributable to			
Owners Equity		12,971	6,523
Non-Controlling interest		2	(1)
11. Other comprehensive income attributable to			
Owner Equity		-	-
Non-Controlling interest		-	-
12. Total comprehensive income attributable to			
Owners Equity		12,971	6,523
Non-Controlling interest		2	(1)
Items that will not be reclassified to profit or loss		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Items that will be reclassified to profit or loss		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
13. Total comprehensive Income for the year		12,973	6,522
14. Earning per equity share			
Basic	32	7.20	3.62
Diluted	32	7.20	3.62
Significant accounting policies	1 & 2		

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

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

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**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018**

Particulars	For the year ended 31.03.2018 (₹ in Lakhs)		For the year ended 31.03.2017 (₹ in Lakhs)	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		18,522		8,497
<i>Adjustments for :</i>				
Depreciation and amortisation		3,413	-	3,320
(Profit)/loss on sale / write off of assets		(106)	-	(1)
Finance costs		3,549	-	3,506
Interest income	-	-	-	-
Exceptional adjustment				
Provision for doubtful trade and other receivables, loans and advances	-	540	-	116
Operating profit / (loss) before working capital changes		25,918		15,438
<i>Changes in working capital :</i>				
<i>Adjustments for (increase) / decrease in operating assets :</i>				
Inventories		(4,139)	(9,065)	
Trade receivables		(5,828)	1,460	
Short-term loans and advances		(1,161)	654	
Long-term loans and advances		14	(1,237)	
Other current assets		(588)	294	
Other non-current assets	(3,247)	(14,949)	(35)	(7,929)
<i>Adjustments for increase / (decrease) in operating liabilities :</i>				
Trade payables		4,866	(1,546)	
Other current liabilities		117	(5,775)	
Short-term provisions		-	-	
Other long-term liabilities		209	(87)	
Long-term provisions	1,026	6,218	121	(7,287)
Cash flow from extraordinary items		-		-
Cash generated from operations		-		-
Net income tax (paid) / refunds		(5,549)		(1,973)
Net cash flow from / (used in) operating activities (A)		11,638		(1,751)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances		(9,824)		(3,062)
Proceeds from sale of fixed assets		158		-
Long-term investments in - Joint ventures		-		(190)
Net cash flow from / (used in) investing activities (B)		(9,666)		(3,252)
C. Cash flow from financing activities				
Proceeds from issue of equity shares		-		-
Proceeds from long-term borrowings		-		-
Repayment of long-term borrowings		3,925		(1,408)
Net increase / (decrease) in working capital borrowings		(4,479)		10,954
Proceeds from other short-term borrowings		-		-
Repayment of unsecured Deferred Sales Tax Loan		-		-
Finance cost		(3,549)		(3,506)
Dividends paid		-		-
Tax on dividend		-		-
Cash flow from extraordinary items		-		-
Net cash flow (used in) / from financing activities (C)		(4,103)		6,040
Net increase / (decrease) in cash and cash equivalents (A+B+C)		(2,131)		1,037
Cash and cash equivalents at the beginning of the year		7,492		6,455
Cash and cash equivalents at the end of the year		5,361		7,492

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

Nagpur
28th May 2018

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CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

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**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018**

Component of cash and cash equivalents	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
Cash and cash equivalents - Cash on hand	10	8
- Balances in current account	470	329
	480	337
Other Bank Balances - Margin money deposit against L C & B G	4,860	7,114
- Unclaimed dividend accounts	21	41
	4,881	7,155
	5,361	7,492

Consolidated Statement of changes in equity for the year ended 31st March, 2018
a. Equity share Capital

(₹ in Lakh)

Particulars	No. of shares	Amount
As at 1st April, 2016	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2017	180,219,448	18,022
Issue of share capital	-	-
As at 31st March, 2018	180,219,448	18,022

b. Other equity

Particulars	Reservs and Surplus				Other comprehensive Income	Total
	Capital reserve	Securities premium reserve	General reserve	Retained earning	Remeasurements of the deferred benefit plans	
As at 1st April, 2016	-	3,785	256	42,243	-	46,284
Addition during the year	74	-	-	-	-	74
Profit of the year	-	-	-	6,522	-	6,522
Adjustment in consolidation	-	-	-	(7)	-	(7)
As at 31st March, 2017	74	3,785	256	48,758	-	52,873
Total comprehensive income for the year	-	-	-	-	-	-
Profit of the year	-	-	-	12,973	-	12,973
Adjustment in consolidation	(74)	-	-	-	-	(74)
As at 31st March, 2018	-	3,785	256	61,731	-	65,772

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

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. 087294

 Nagpur
28th May 2018

S. K. GUPTA
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ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2018
1. Corporate information

Sunflag Iron and Steel Company Limited (the 'Company'), including its subsidiaries and joint venture collectively referred to as ("the group) was incorporated in 1984 and is engaged in the business of manufacturing and sale of Special Steel Rolled products. The Company is listed on The National Stock Exchange of India Limited (NSE) and BSE Limited (BSE). The registered office of the Company is situated at 33, Mount Road, Sadar, Nagpur - 440001, Maharashtra, India.

The details of Subsidiaries and Joint Ventures are as follows :

Subsidiaries	Joint Ventures
Sunflag Power Limited	Daido D.M.S India Pvt. Ltd.
Khappa Coal Private Limited	Ramesh Sunwire (P) Ltd
Sunflag Foundation	C T Mining Private Limited
	Madanpur (North) Coal Co. Pvt. Ltd/India

These financial statements are presented in Indian Rupees (₹)

2. Significant accounting policies
I. Basis of preparation

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

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

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

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

The financial statements for the year ended 31st March, 2018 were authorized and approved for issue by the Board of Directors on 28th May, 2018.

II. Basis of consolidation

The Consolidated financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the consolidated financial statements. All assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act 2013.

Principles of consolidation and equity accounting
Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Inter company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit and loss, consolidated statement of changes in equity and balance sheet respectively.

Joint Ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Equity method

Under the equity method of accounting the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised within equity.

When the group ceases to consolidate or equity account for an investment because of a loss of control joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

III. Property, plant and equipment

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

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

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

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

IV. Intangible assets

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

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

V. Depreciation and amortization

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

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

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

Asset Description	Useful life	Useful life as per schedule - II of the Companies Act, 2013
Plant and Machinery		
- Combuster WHRB	15 years	40 years
- Office equipment	5 years	5-10 years

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 :

i	Raw materials & components	At lower of cost or net realisable value
ii	Consumables, store & spares	At depreciated cost
iii	Finished and semi-finished goods	At lower of cost or net realisable value produced and purchased by the Company
iv	Work in progress	At lower of cost of material, plus appropriate production overheads or net realizable 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
vi	Goods in transit	At cost

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

Cost is calculated on weighted average basis.

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

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

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

VIII. Cash and cash equivalents

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

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

IX. Leases

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

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

Where the Group is the lessor

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

Where the Group as a lessee

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

X. Employee benefits

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

a) Long term benefit

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.

XI. Earnings per share

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

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

XII. Provisions, contingent liabilities, contingent assets and commitments

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to provision presented in the statement of profit & loss net of any reimbursement.

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

Mine restoration or assets retirement obligation

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

Contingent liability is disclosed in the case of

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

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

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

Onerous contract

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

Contingent assets

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

XIII. Segment accounting and reporting

The chief operational decision maker monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss and is measured consistently with profit and loss in the financial statements.

The operating segments have been identified on the basis of the nature of products/services.

- i. Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.
- ii. Expenses that are directly identifiable with / allocable to the segments are considered for determining the segment result. Expenses not allocable to segments are included under unallocable expenditure.

- iii. Income not allocable to the segments is included in unallocable income.
- iv. Segment results includes margin or inter segment and sales which are reduced in arriving at the profit before tax of the Group.
- v. Segment assets and Liabilities include those directly identifiable with the respective segments. Assets and liabilities not allocable to any segment are classified under unallocable category.

XIV. Investment in subsidiaries, joint ventures & associates

Investment in subsidiaries are carried at cost. The cost comprises price paid to acquire investment and directly attributable cost.

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

XV. Government grant / assistance

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

XVI. Taxes

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

Current income tax

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

Minimum alternate tax

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

Deferred Tax

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

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

XVII. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue from sale of manufactured goods i.e. steel rolled products is recognised in accordance with Ind AS-18 issued by Ministry of Corporate Affairs and measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and exuding taxes or duties collected on behalf of the government.

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

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.

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

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

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.

XVIII. Foreign currency translation / conversion

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

a) Initial recognition

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

b) Conversion

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

c) Exchange differences

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

d) Borrowings

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

e) Borrowing costs

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

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

XIX. Equity shares

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

XX. Financial Instruments

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 FVOCI, are subsequently fair valued through profit or loss.

e) Financial guarantee contracts

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

f) Impairment of financial assets

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

g) Cash and cash Equivalents

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

h) Financial liabilities

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

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.

6. Current and non-current classification

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

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

All other liabilities are classified as non-current.

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

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

XXI. Fair value measurement

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

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

- ★ In the principle market for the asset or liability, or
- ★ In the absence of a principle market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and the best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

XXII. Critical accounting estimates, assumptions and judgements

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

a) Property, plant and equipment

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

b) Income taxes

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

c) Contingencies

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

d) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not to be collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

e) Mine restoration obligation

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

XXIII. Recent accounting pronouncement

In March, 2018, the Ministry of corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS-115, 'Revenue from Contracts with Customers' amendments to Ind AS-107, 'Financial Instrument Disclosures' and Ind AS-109, 'Financial Instruments'. The amendments are applicable to the Group from 1st April, 2018.

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

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

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

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

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

Consolidated Notes forming part of the financial statement for the year ended 31st March, 2018
3. Property, plant and equipment

(₹ in Lakh)

Particulars	Tangible Assets									Total	Capital Work in Progress
	Free-hold land	Lease Hold land	Building including roads	Railway siding	Plant & machinery	Furniture fixtures & others	Vehicles	Office equipment	Development of mines		
Gross Block											
As at 01.04.2016	369	89	22,665	375	103,986	227	329	410	2,042	130,492	2,624
Additions / (Disposals)	-	-	-	-	-	-	-	-	-	-	4,239
Adjustment of revaluation reserve	-	-	-	-	187	-	22	2	-	211	-
As at 31.03.2017	369	89	22,665	375	104,173	227	351	412	2,042	130,703	6,863
Additions	-	-	443	-	3,149	-	84	-	-	3,676	9,735
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	(3,588)
Disposals	-	-	-	-	(1,058)	-	-	-	-	(1,058)	-
As at 31.03.2018	369	89	23,108	375	106,264	227	435	412	2,042	133,321	13,010
Accumulated Depreciation											
As at 01.04.2016	-	26	9,541	356	64,767	211	277	389	586	76,153	-
Charge for the year	-	1	514	-	2,684	1	19	-	101	3,320	-
Disposals	-	-	-	-	-	-	(23)	-	-	(23)	-
As at 31.03.2017	-	27	10,055	356	67,451	212	273	389	687	79,450	-
Charge for the year	-	1	525	-	2,745	1	39	1	102	3,414	-
Adjustment of Impairment	-	-	-	-	-	-	-	-	-	-	-
Depreciation adjustments	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(1,006)	-	-	-	-	(1,006)	-
As at 31.03.2018	-	28	10,580	356	69,190	213	312	390	789	81,858	-
Net Block as at 31.03.2017	369	62	12,610	19	36,722	15	78	23	1,355	51,253	6,863
Net Block as at 31.03.2018	369	61	12,528	19	37,074	14	123	22	1,253	51,463	13,010

Notes :

- Addition to capital work in progress include ₹ Nil of the finance cost capitalised during the year (Previous year ₹ Nil).
- Cost of Leasehold land is amortised over the period of lease i.e. 95 years.
- The Company has elected to measure the items of Property, plant and equipment at their cost on the date of transition.

Additional information
Asset under construction

Capital work in progress incurred as at 31st March, 2018 amounted ₹ 13,010 lakhs (Previous year ₹ 6,863 lakhs) in view of implementation of new projects viz.

- New sinter plant
- Induction Furnace
- Continuous Finishing Line
- Ingot Caster
- Transit House at Bhandara

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

Impairment review

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

Key assumptions used in value-in-use calculations:

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

4. Non- Current Investments

(₹ in Lakh)

Particulars	As at 31.03.2018	As at 31.03.2017
Non trade investment in equity instruments	908	914
Less : Provision for diminution in the value of investments	-	-
Total	908	914
Aggregate amount of unquoted investments	908	914

Consolidated Notes forming part of the financial statement for the year ended 31st March, 2018
Investments in equity instruments (at cost, unquoted & fully paid)

Name of the Body Corporate Investment in equity instruments (at cost, unquoted & fully paid)	No. of Shares / Units		Extent of Holding (%)		Amount (₹ in Lakh)	
	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
Joint Ventures						
Madanpur (North) Coal Co. Private Limited	1,210,188	1,210,188	11.73	11.73	110	110
C T Mining Private Limited	3,180,000	3,180,000	31.80	31.80	300	295
Daido D.M.S. India Private Limited	3,600,000	3,600,000	20.00	20.00	287	297
Ramesh Sunwire Private Limited	2,205,000	2,205,000	49.00	49.00	211	212
Others						
India Bulls CSEB Bhaiyathan Power Limited	74	74	-	-	-	-
Total					908	914
Additional Information :						
Aggregate amount of quoted investments					-	-
Market value of quoted investments					-	-
Aggregate amount of unquoted investments					908	914
Aggregate amount of impairment in value of investments					-	36

Notes : During the previous year the company acquired 49% stake in Ramesh Sunwire (P) Ltd. on 18th March, 2017

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)		As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
5. Non- Current loans (unsecured)			9. Cash and bank balances		
Security deposits	981	995	a) Cash and cash equivalents		
Loans and advances to related parties (refer Note. 39)	31	31	Cash on hand	10	12
	<u>2,744</u>	<u>2,745</u>	Balances with banks in current accounts	600	417
6. Bank Balances (non current)			Total (a)	<u>610</u>	<u>429</u>
Non current bank balances *	54	35	b) Other Bank Balances		
Total	<u>54</u>	<u>35</u>	Margin money deposit against LC & BG		
6A. Other non-current assets			Issued by bank	4,952	7,203
Capital advances	4,689	1,467	Unclaimed dividend accounts #	21	41
Total	<u>4,689</u>	<u>1,467</u>	Total (b)	<u>4,973</u>	<u>7,244</u>
7. Inventories			Total (a+b)	<u>5,583</u>	<u>7,673</u>
Raw materials and components			10. Other current financial assets		
on hand	14,322	8,181	Accruals - Interest accrued on deposits	107	37
Goods-in transit (raw material)	-	63	Loans & advances to employees	33	13
Work-in-progress	14,296	9,030	Export incentives receivable	6	11
Finished goods	12,125	20,245	Claims receivables	58	-
Consumables, stores and spares	2,540	1,625	Others	386	2
Total	<u>43,283</u>	<u>39,144</u>		<u>590</u>	<u>63</u>
8. Trade receivables #			11. Current tax assets (net)		
Unsecured, considered good	30,176	24,888	Advance tax net of provision	1,077	1,016
Unsecured, considered doubtful	704	164		<u>1,077</u>	<u>1,016</u>
	<u>30,880</u>	<u>25,052</u>	12. Other current assets		
Less: Provision for doubtful debts	(704)	(164)	Advance to vendors	3,250	2,129
	<u>30176</u>	<u>24,888</u>	Prepaid Expenses	268	328
			Balances with Statutory/Govt Authorities *	1,385	1,285
				<u>4,903</u>	<u>3,742</u>

* It represent Escrow account amount for Mine restoration obligation

Trade receivables are non interest bearing and receivable in normal operating cycle

During the year an amount of ₹ 20.24 lakh has been transferred to Investors Education Protection Fund

* includes duty paid under protest

13. Equity Share capital

(₹ in Lakh)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹ 10/- each	205,000,000	20,500	205,000,000	20,500
Total	205,000,000	20,500	205,000,000	20,500
Subscribed, issued & fully paid up				
Equity shares of ₹ 10/- each	180,219,448	18,022	180,219,448	18,022
Total	180,219,448	18,022	180,219,448	18,022

a) Terms/ Voting Rights attached to the Equity Shares

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

b) Reconciliation of the number of shares outstanding

Movement of Shares	As at 31.03.2018	As at 31.03.2017
Opening number of shares issued	180,219,448	180,219,448
Shares issued during the year	-	-
Shares bought back during the year	-	-
Closing number of shares issued	180,219,448	180,219,448

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

Name of shareholder	As at 31.03.2018		As at 31.03.2017	
	Number of shares	% Holding	Number of shares	% Holding
Sunflag Limited, Channel Islands, UK	65,253,582	36.21%	65,253,582	36.21%
Daido Steel Co. Ltd. Japan	18,021,945	10.00%	18,021,945	10.00%
Mr. Suhrit Ravi Bhushan Bhardwaj	13,217,398	7.33%	13,217,398	7.33%

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

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

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
14. Other equity		
Capital reserve	-	74
Securities premium reserve	3,785	3,785
General reserve	256	256
Retained earnings	61,731	48,758
Other comprehensive income	-	-
Total	65,772	52,873

15. Non current borrowings
Secured

Term loans - from banks	6,963	976
Less : Current maturities of long-term debt (refer note 22)	(2,500)	(976)
Total (a)	4,463	-

Unsecured

a) From promoters (interest free) @	1,803	1,803
b) Other loans and advances #		
Interest free Sales Tax loan	3,254	3,693
Less : Current maturities of long-term debt (refer note 22)	(820)	(721)
Total (b)	4,237	4,775
Total (a) + (b)	8,700	4,775

@ 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 has occurred in repayment during the period.

The Unsecured loans comprising Interest free Sales Tax Loan valued on NPV basis. Actual liability is ₹ 4,574 lakh. The repayment of the sales tax loan is made as per the schedule and no default has occurred in repayment during the period.

- i. Term Loans from Banks are Secured by a first mortgage of the Company's Immovable properties situated at Village Warthi District Bhandara, both present and future ranking *pari passu interse* and a first charge by way of hypothecation of all the company's movables subject to prior charges created in favour of Company's bankers on Inventories, book debts and other movables for securing the borrowings for working capital requirement.
- ii. Term Loan of ₹ 7,500 lakh (outstanding ₹ 6,963 lakh) borrowed from State Bank of India is further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Chairman of the Company.
- iii. The Company has not defaulted in repayment of principle and interest during the year. (₹ in Lakh)

Maturity Profile	0-1 year	1 - 2 year	2- 3 years	3 - 4 years
Term loan from banks	2,500	2,500	1,963	-
Unsecured Interest Free Sales Tax Loan	820	860	812	762

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
16. Other non - current financial liabilities		
Payables for capital goods	548	150
Security Deposit (Deposit recovered from contractors continue to remain over one year)	212	176
	<u>760</u>	<u>326</u>
17. Non - current provisions		
Provision for employee benefits	1,329	931
Provision for contingencies (refer below mention note)	1,637	1,009
	<u>2,966</u>	<u>1,940</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	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016 -2017
Opening	901	901	108	99	1,009	1,000
Provision during the year	618	-	-	-	618	-
Remeasurement losses accounted in OCI	-	-	-	-	-	-
Payment during the year	-	-	-	-	-	-
Interest Charge for the year	-	-	10	9	10	9
Closing	1,519	901	118	108	1,637	1,009

18. Deferred tax liabilities

Particulars	Balances as on 31.03.2018	Charge/Credit during the year	Balances as on 31.03.2017
Deferred Tax Liabilities on			
Tax on difference between book value of depreciable assets as per books of account and written down value as per Income tax Act, 1961	9,045	574	8,471
	<u>9,045</u>	<u>574</u>	<u>8,471</u>
Deferred Tax Asset on			
Provision for bad debts	246	189	57
Expenses allowed under Income Tax Act, 1961 on payment basis	927	286	641
	<u>1,173</u>	<u>475</u>	<u>698</u>
Net Deferred Tax Liability (Current Year)	7,872	99	7,773
Net Deferred Tax Liability (Previous year)	7,773	113	7,660

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31.03.2018 and 31.03.2017

	Year ended 31.03.2018 (₹ in Lakh)	Year ended 31.03.2017 (₹ in Lakh)
Accounting profit before tax	18,528	8,532
Applicable tax rate	34,608%	34,608%
Computed tax	6,412	2,953
Adjustments	-	-
Less : Mat Credit entitlement utilise	(1,011)	(964)
Permanent disallowance	52	26
Due to change in tax rate	76	-
Other	20	(39)
	<u>5,549</u>	<u>1,975</u>

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
19. Other non - current liabilities		
Government grant	526	751
	<u>526</u>	<u>751</u>
20. Current financial liabilities - Borrowings		
Secured		
Loans repayable on demand		
Borrowings for working capital from banks	16,448	22,126
UnSecured		
Customer bills discounted	5,616	4,417
	<u>22,064</u>	<u>26,543</u>
Working capital borrowings are secured by way of hypothecation of Inventories and book debts and further secured by way of second charge ranking pari passu 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.		
21. Current financial liabilities		
Trade payables		
a) Acceptances	2,994	5,791
b) Other than acceptances	15,925	8,262
	<u>18,919</u>	<u>14,053</u>
Based on the information so far obtained by the Company, payment to enterprises covered under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been made within 45 days and disclosure in accordance with section 22 of the MSMED Act is as under.		
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	30
The amount of interest paid by the buyer in terms of section - 16, of the Micro, Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-
	<u>-</u>	<u>30</u>
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditor.		
	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
22. Other current financial liabilities		
Current maturities of long-term debt		
i) Term loan from banks	2,500	976
ii) Unsecured Interest free Sales Tax Loan	820	721
Interest accrued but not due on long term borrowings	37	16
Unclaimed dividends *	21	41
Discount and scheme payable	1,487	838
Salary & Reimbursements	840	928
Managerial commission	611	274
Others	3,526	1,875
	<u>9,842</u>	<u>5,669</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection fund.		
23. Other Current Liabilities		
a) Government grant	229	233
b) Others		
Excise Duty on closing stock	-	3,896
Statutory dues payable	927	605
Others	-	479
	<u>1,157</u>	<u>5,213</u>

	For the year ended		For the year ended	
	31.03.2018 (₹ in Lakh)	31.03.2017 (₹ in Lakh)	31.03.2018 (₹ in Lakh)	31.03.2017 (₹ in Lakh)
24. Revenue From Operations				
Sale of manufactured goods	212,684	171,107		
Sub Total	212,684	171,107		
Other operating income				
Conversion charges received	1	141		
Duty drawback & export incentives	92	75		
Sub Total	93	216		
Total Revenue from Operations	212,777	171,323		
25. Other Income				
Interest Income	569	479		
Insurance claims	79	41		
Amortization of government grant	229	233		
Gain on foreign exchange fluctuation	23	-		
Others	798	28		
	1,698	781		
26. a) Cost of raw material and components consumed				
Inventory at the beginning of the year	11,279	6,372		
Add : Purchases during the year	132,699	94,612		
Less : Inventory at the end of the year	20,647	11,279		
Total raw material consumption (a)	123,331	89,705		
26. b) Other Manufacturing Expenses				
Consumption of fuel	3,903	3,930		
Consumption of power (Net of captive consumption)	8,335	8,333		
Coal mine freight and other expenses #	9,985	5,079		
Contract expenses	10,467	8,019		
Total Other Manufacturing Expenses (b)	32,690	25,361		
Total Expenses (a+b)	156,021	115,066		
Details of raw material & components consumed				
Iron ore & iron ore fines	24,217	18,606		
Coal & coal fines #	4,163	5,330		
Coke	43,103	28,766		
Sponge iron	17	-		
Scrap & HBI	2,088	1,580		
Ferro alloys	20,511	16,236		
Fluxes, minerals & additives	6,156	5,672		
Electrodes	2,747	1,262		
Others	20,329	12,253		
Total	123,331	89,705		
Details of Inventory Raw Material & Components				
Iron Ore & Iron Ore Fines	3,461	2,784		
Coal & Coal Fines #	1,111	470		
Coke	4,019	2,057		
Scrap & HBI	139	81		
Ferro Alloys	1,994	1,974		
Fluxes, Minerals & Additives	548	324		
Electrodes	1,990	108		
Goods in Transit	-	63		
Others	7,385	3,418		
Total	20,647	11,279		
27. Change in inventories of finished goods and work-in-progress				
Inventories at the end of the year				
Finished goods	12,125	20,245		
Work-in-progress	14,296	9,030		
	26,421	29,275		
Inventories at the beginning of the year				
Finished goods	20,245	16,953		
Work-in-progress	9,030	8,164		
	29,275	25,117		
Excise Duty on account of increase / (decrease) in stock of finished product	(4,413)	673		
Net (increase) / decrease	(1,559)	(3,485)		
28. Employee Benefit Expenses				
Salaries, Wages and Bonus	8,342	7,619		
Contribution to Provident & other Funds	1,367	1,247		
Staff Welfare Expenses	549	561		
	10,258	9,427		
29. Finance Cost				
Interest on term loans	388	603		
Interest on working capital loans	2,195	2,316		
Interest on bills discounted	409	147		
Other borrowing costs	557	440		
	3,549	3,506		
30. Depreciation and amortization expense				
Depreciation of tangible assets	3,413	3,320		
	3,413	3,320		
31. Other Expenses				
Freight & forwarding	9,152	7,237		
Travelling expenses	438	396		
Insurance charges	185	184		
Rent, rates and taxes	279	272		
Repairs & maintenance	190	145		
Printing & stationary	41	31		
Loss on foreign exchange fluctuation	-	105		
Postage & telephones	86	97		
Loss on impairment of property, plant & equipment	-	-		
Corporate social responsibility	40	105		
Admin Expenses	1,277	493		
Legal & professional expenses #	668	516		
Payment to statutory auditors (Refer Details below)	17	17		
Commission	92	154		
Discounts	5,594	6,012		
Provision for doubtful debts	540	116		
Other Selling overheads	187	176		
	18,786	16,056		
31.2 Payments to Auditor Statutory Audit Fees *				
Statutory Audit fees	15	15		
Tax audit fees	2	2		
Total	17	17		

Includes Statutory Auditor's out of pocket expenses of ₹ 16 Lakh (previous year ₹ 8 Lakh)

* Includes fee paid to joint auditor

Net of Consumption of Coal from Captive Mines

32. Earnings Per Share

Basic Earnings per Share		Year ended 31.03.2018 (₹ in Lakh)	Year ended 31.03.2017 (₹ in Lakh)
Continuing Operations			
Profit after Tax (₹)	₹ in Lakh	12,973	6,522
Weighted Average shares outstanding at the end of Year	Number	180,219,448	180,219,448
Number of Shares outstanding at the end of year	Number	180,219,448	180,219,448
Basic and diluted Earnings ₹ per share		7.20	3.62

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

(₹ in Lakh)

Particulars	As at 31.03.2018	As at 31.03.2017
i) Contingent liabilities		
a) Unexpired letter of credit	6,003	3,201
b) Guarantees issued by Company's bankers on behalf of the Company	6,468	7,324
c) Bonds / undertakings given by the Company under duty exemption scheme to the custom authorities	-	616
d) Excise duty & custom duty against which company has preferred an appeal	751	65
e) Income Tax Liability - disputed but paid	162	613
f) Income Tax Liability - disputed and not paid	4,300	-
ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	8,476	4,954

34. Segment information

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

Entity wise disclosure required by IndAS-108 are made as follows:

(₹ in Lakh)

Particulars	Year ended 31.03. 2018		Year ended 31.03.2017	
	Domestic	Foreign	Domestic	Foreign
Revenues from sale of products to external customers	207,827	4,858	167,612	3,495
Non - Current assets :				
Property, Plant and Equipment	51,463	-	51,253	-
Capital work in progress	13,010	-	6,863	-
Other non current assets	5,701	-	2,493	-

35. Operating Lease
Operating lease commitments-Company as lessee

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

	As at 31.03.2018 (₹ in Lakh)	As at 31.03.2017 (₹ in Lakh)
Lease Payment during the year	161	217
	<u>161</u>	<u>217</u>
Future minimum rentals payable under non-cancellable operating leases as at 31 st March, 2018 are as follows :		
Future minimum lease payments		
Not later than one year	183	361
Later than one year and not later than five years	1,978	1,844
Later than five years	3,955	4,450
Total	<u>6,116</u>	<u>6,655</u>

36. Capital management

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

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

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

Particulars	As at 31.03.2018	As at 31.03.2017
Long term borrowing	8,700	4,775
Short term borrowing	22,064	26,543
Current maturities of long-term debt	3,320	1,697
Less : Cash and bank balance	(5,583)	(7,673)
Net debt	28,501	25,342
Equity	83,794	70,895
Capital and net debt	112,295	96,237
Gearing ratio	25%	26%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31.03.2018 & 31.03.2017.

37 Subsequent events :

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

38. Employee benefit plans

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

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

(₹ in Lakhs)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Statement showing changes in Present Value of obligation :						
Present value of obligations at the beginning of the year	2,168	1,457	5,346	4,899	2,397	2,285
Interest Cost	11	12	514	469	187	170
Current Service Cost	131	128	903	884	222	204
Benefits paid	(970)	(207)	(812)	(905)	(237)	(263)
Actuarial Loss on Obligations	648	778	-	-	-	-
Present value of obligations as at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Table showing changes in the fair value of Plan Assets :						
Fair value of Plan Assets at the beginning of year	2,168	1,457	5,346	4,899	2,397	2,285
Expected return on Plan Assets	11	12	514	469	187	170
Contributions	648	566	903	884	222	204
Benefits paid	(970)	(207)	(812)	(905)	(237)	(263)
Actuarial Gain / (Loss) on Plan Assets	775	339	-	-	-	-
Fair value of Plan Assets at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Funded Status	-	-	-	-	-	-
Excess of Actual over estimated return on Plan Assets	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised :						
Actuarial Loss for the year - Obligation	648	778	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	-	-	-	-	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	648	778	-	-	-	-
Amounts to be recognised in the Balance Sheet :						
Present value of obligations as at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Fair value of Plan Assets as at the end of the year	2,632	2,168	5,950	5,346	2,569	2,397
Funded Status	-	-	-	-	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	-	-	-	-	-	-
Expenses Recognised in the statement of Profit and Loss Account :						
Current Service Cost	131	128	514	469	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	514	469	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	648	778	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	566	566	-	-	-	-

Particulars	(₹ in Lakhs)					
	Gratuity		Provident Fund		Superannuation	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Actuarial Assumptions :						
Discount Rate	8.00%	7.00%	9.00%	9.00%	-	-
Salary Escalation	7.00%	5.00%	5.00%	5.00%	-	-
Investment Details (%) :						
GOI Securities	-	-	32%	37%	-	-
State Government Securities	-	-	31%	29%	-	-
Approved Marketable Securities	-	-	-	-	-	-
Bonds / Debentures etc	-	-	33%	31%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	4%	3%	-	-
Total	-	-	100%	100%	-	-

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

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

In accordance with the requirements of Ind AS-24, on related party disclosures name of the related party, related party relationship, transactions and outstanding balances including commitments where control exists and with whom transactions have taken place during reported periods.

Related Party Name and Relationship

Key Management Personnel	Designation	Account	Transactions year ended		Outstanding as at	
			31.03.2018	31.03.2017	31.03.2018	31.03.2017
Mr. P.B. Bhardwaj	Past Chairman	Commission	-	26	-	-
Mr. Ravi Bhushan Bhardwaj	Non Executive Chairman	Commission	198	60	3	6
Mr. Pranav Bhardwaj	Managing Director	Remuneration & Commission	554	314	1	-
Mr. Surendra Kumar Gupta	Deputy Managing Director	Remuneration	101	90	-	-
Mr. R. Murlidhar (w.e.f. 14.08.2017)	Executive Director (Finance) & CFO	Remuneration	48	-	-	-
Mr. Ramchandra V. Dalvi (w.e.f. 14.08.2017)	Executive Director(Works)	Remuneration	34	-	-	-
CS Pranab Panigrahi	Company Secretary	Remuneration	-	-	-	-
Mr. Suhrit Ravi Bhushan Bhardwaj	Relative of Director	Rent Paid	5.00	21.00	-	-
Dr. E.R.C. Shekhar	Non Executive, Independent Director	Commission & Sitting Fees	2.55	2.32	-	-
Mr. Kumar Jitendra Singh	Non Executive, Independent Director	Commission & Sitting Fees	2.15	1.97	-	-
CA Jayesh M. Parmar	Non Executive, Independent Director	Commission & Sitting Fees	1.95	2.11	-	-
Mr. S. Gajendran	Non Executive, Independent Director	Commission & Sitting Fees	2.30	2.04	-	-
Mrs. CA Neelam Kothari	Non Executive, Independent Director	Commission & Sitting Fees	2.00	1.68	-	-
Mr. Rooshad Russi Patel	Non Executive, Independent Director	Commission & Sitting Fees	0.20	-	-	-

Particulars	Shareholding as on 31.03.2018	Account	Transactions year ended		Outstanding as at	
			31.03.2018	31.03.2017	31.03.2018	31.03.2017
Joint Ventures						
Daido D.M.S. India Private Limited	20.00%	Share Capital	-	360	360	360
Ramesh Sunwire Private Limited	49.00%	Share Capital	-	221	212	212
		Advances given	150	-	150	-
CT Mining Private Limited	31.80%	Share Capital	-	-	-	-
Associate Enterprises						
Haryana Televisions Limited	Relationship through KMP	Rent	50	48	21	21

40. Fair value hierarchy

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

(₹ in Lakh)

Financial Assets	Fair value hierarchy	As at 31.03.2018		As at 31.03.2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets designated at fair value through profit and loss	Level-2	908	908	914	914
Non current financial asset - investments					
Financial assets designated at fair value through other comprehensive income					
Financial assets designated at amortised cost					
Non current financial asset - Loans		1,012	1,012	1,026	1,026
Non current financial asset - Bank		54	54	35	35
Current financial asset - trade receivables		30,176	30,176	24,888	24,888
Current financial asset - Cash and cash equivalents		610	610	429	429
Financial Asset - Bank balances other than above		4,973	4,973	7,244	7,244
		37,733	37,733	34,536	34,536

Financial Liabilities	Fair value hierarchy	As at 31.03.2018		As at 31.03.2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liability designated at amortised cost					
Non current financial liabilities - Borrowings		8,700	8,700	4,775	4,775
Non current financial liabilities - Other		760	760	326	326
Current financial liabilities - Borrowings		22,064	22,064	26,543	26,543
Current financial liabilities - Other		9,842	9,842	5,669	5,669

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)

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

41. Financial Risk Management
Financial risk factors

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

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

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

i) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity risk. Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. This is based on the financial assets and financial liabilities held as at 31st March, 2018 and 31st March, 2017.

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 income and interest expenses to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total loan portfolio.

Interest rate sensitivity

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

(₹ in Lakh)

Increase / (decrease) in interest rate		Effect on profit before tax	
As at 31.03.2018	As at 31.03.2017	As at 31.03.2018	As at 31.03.2017
0.50%	0.50%	(12.92)	(14.60)
(0.50%)	(0.50%)	12.92	14.60

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 related primarily to the Company's operating and financing activities.

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

ii) Credit risk

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

Trade receivables

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

(₹ in Lakhs)

Aging	Total		Up to 6 month		More than 6 Month	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Trade receivables	30,176	24,888	29,389	24,120	787	768
Less : ECL Provision	(704)	-	-	-	(704)	(164)

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.

Particulars	Total		Less than 1 year		1 to 2 year		2 year and above	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Non current financial liabilities								
i) Borrowings *	11,592	6,472	3,320	1,697	3,360	860	4,912	3,915
ii) Others	760	326	548	150	-	-	212	176
Current financial liabilities								
i) Borrowings *	22,064	26,543	22,064	26,543	-	-	-	-
ii) Others	6,522	3,972	6,522	3,972	-	-	-	-

* Including current maturity of long term dept

42 Information related to Consolidated Financial

The company is listed on stock exchange in India, the Company has prepared consolidated financial 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.

43. The Company has spent amount on corporate social responsibility expenses as below :

(₹ in Lakh)

Particulars	31.03.2018	31.03.2017
Gross amount required to be spent during the year	150	105
Amount spent during the year	40	105

44. Additional information as required by paragraph 2 of the general instructions for preparation of consolidated financial statements to Schedule - III to the Companies Act, 2013.

(₹ in Lakh)

Particulars	Net assets, i.e. total assets minus total liabilities				Share in profit or loss			
	As % of consolidated net assets (%)		Amount		As % of consolidated net assets (%)		Amount	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
A . Subsidiary Company								
Sunflag Special Steel Limited						0%		(4)
Sunflag Power Limited	0%	0%	5	5	0%	0%	-	-
Khappa Coal Company Pvt. Limited	0%	1%	403	399	0%	0%	4	3
Sunflag Foundation		0%		75		-		-
Minority Shareholders								
Sunflag Power Limited	0%	0%	0	-		-		-
Khappa Coal Company Pvt. Limited	0%	0%	148	146	0%	0%	2	1
Sunflag Foundation		0%		-		-		-
B. Joint Venture								
Madanpur (North) Coal Co. Pvt. Ltd.						0%		1
C T Mining Private Limited	0%	0%	300	295	0%	0%	5	4
Daido D.M.S. India Private Limited	0%	0%	287	297	0%	0%	(10)	(27)
Ramesh Sunwire Private Limited	0%	0%	211	212	0%	0%	(1)	(8)
Total Asset			83,794	70,895			18,528	8,532

45. The Board of Directors have recommended for declaration of dividend at the Rate of 5% on equity shares (face value ₹ 10/- each) amounting to ₹ 1,095 Lakh inclusive of Dividend Distribution Tax at their meeting held on 28th May, 2018 and to be approved at the Annual General Meeting.

46. Previous year's figures have been regrouped / re-classified wherever necessary to make them more comparable.

As per our attached report of even date

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

SUNIL WAHAL
Partner
M. No. - 087294

Nagpur
28th May 2018

S. K. GUPTA
Dy. MANAGING DIRECTOR

CA R. MURALIDHAR
EXECUTIVE DIRECTOR (FINANCE) & CFO

CS PRANAB PANIGRAHI
COMPANY SECRETARY

DR. E.R.C. SHEKAR
S. GAJENDRAN
K. J. SINGH
MRS. NEELAM KOTHARI
ROOSHAD R. PATEL
RAMCHANDRA V. DALVI
DIRECTORS

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 read with
Rule 19(3) of the Companies (Management and Administration) Rules, 2014 (as amended)]

SUNFLAG IRON AND STEEL COMPANY LIMITED**REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN****Corporate Identification Number (CIN) – L27100MH1984PLC034003**

Tel No. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, E-Mail ID : investor@sunflagsteel.com, Website : www.sunflagsteel.com

Thirty-second (32nd) Annual General Meeting – Tuesday, the 25th September 2018 at 3:00 P.M.

Name of the Shareholder/s [Member/s] :	
Registered Address :	
e-Mail ID :	

DPID	
CLID	

Reg. Folio No.	
No. of Shares	

I / We, being the Shareholder/s [Member/s] of _____ Shares of the above named Company, hereby appoint:-

1. Name: e-Mail:
Address: Signature:

OR failing him / her

2. Name: e-Mail:
Address: Signature:

OR failing him / her

3. Name: e-Mail:
Address: Signature:

as my / our Proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Thirty-second (32nd) Annual General Meeting of the Company, to be held on Tuesday, 25th September 2018 at 3:00 P.M. at the Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, North Ambazari Road, Nagpur – 440010, MH, IN, and at any adjournment thereof in respect of such Ordinary and Special Resolution/s as are indicated below:-

Sr. No.	Resolution	Vote (Optional) (Refer Note 2)		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Financial Statements (Standalone & Consolidated) of the Company for the year 2017-2018 ended 31 st March 2018, including, the Balance Sheet as at 31 st March 2018, Statement of Profit and Loss and Cash Flow Statement for the year 2017-2018 ended 31 st March 2018, together with the Board's Reports and Report of the Statutory Auditors thereon.			
2	To declare Dividend @5% (i.e. Re. 0.50 per Equity Share) on Equity Shares of the Company			
3	Appointment of a Director in place of Mr. Surendra Kumar Gupta (DIN - 00054836), who retires by rotation and being eligible, offers himself for re-appointment			
4	Appointment of Messers S. S. Kothari Mehta & Co., Chartered Accountants, New Delhi, (ICAI Firm Registration No. 000756N, Peer Review Certificate No. 008927), as the Statutory Auditors of the Company for a consecutive two (2) financial years			
Special Business				
5	Appointment of Mr. Rooshad Russi Patel (DIN - 00473945), as a Director [Category - Non-executive, Independent] of the Company, not liable to retire by rotation, and also, for a fixed first term of five (5) consecutive year/s, as an Independent Director of the Company			
6	Consent and approval of the Shareholders (Members) for continuation of Mr. Ravi Bhushan Bhardwaj, (DIN - 00054700), as a Director (Category - Non-executive Chairman & Promoter), of the Company, not liable to retire by rotation, on attaining the age of seventy-five (75) years on 23 rd October 2018, beyond 1 st April 2019, on the existing terms and conditions of appointment, till cessation as a Director of the Company.			
7	Consent and approval of the Shareholders (Members) for continuation of Dr. E.R.C. Shekhar, (DIN - 00013670), as a Director (Category - Non-executive, Independent), of the Company, not liable to retire by rotation, who has already attained the age of seventy-five (75) years, beyond 1 st April 2019, on the existing terms and conditions of appointment, till the expiry of exiting tenure as an Independent Director of the Company			
8	Approval for payment of remuneration by way of commission, not exceeding a sum equivalent to one percent (1%) of net profits of the Company per annum, to be paid and distributed amongst all the Non-executive Director/s of the Company for a period of five (5) financial years, effective financial year 2018-2019 till the financial year 2022-2023			
9	Ratification of Remuneration of Cost Auditors of the Company			

Signed this _____ Day of _____, 2018

Signature of Shareholder _____

Affix Revenue Stamp

Signature of first proxy holder_____
Signature of second proxy holder_____
Signature of third proxy holder**Notes:-**

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for commencement of meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

ATTENDANCE SLIP**SUNFLAG IRON AND STEEL COMPANY LIMITED****REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001, MH, IN****Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003****Tel No. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, E-Mail ID : investor@sunflagsteel.com, Website : www.sunflagsteel.com****Thirty-second (32nd) Annual General Meeting on Tuesday, the 25th September 2018 at 3:00 P.M.**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional Slips on request.

NAME & ADDRESS OF THE SHAREHOLDER(S)

DPID	
------	--

Reg. Folio No.	
----------------	--

CLID	
------	--

No. of Shares	
---------------	--

I hereby record my presence at the Thirty-second (32nd) Annual General Meeting of the Company held at Indian Medical Association's Dr. Dinkar Hardas CME Hall, Dr. Hardas IMA Annex, North Ambazari Road, Nagpur - 440010, MH, IN, on Tuesday, the 25th September 2018 at 3:00 P.M.

SIGNATURE OF THE SHAREHOLDER (MEMBER) OR THE PROXY ATTENDING THE MEETING

If Shareholder (Member), Please Sign here

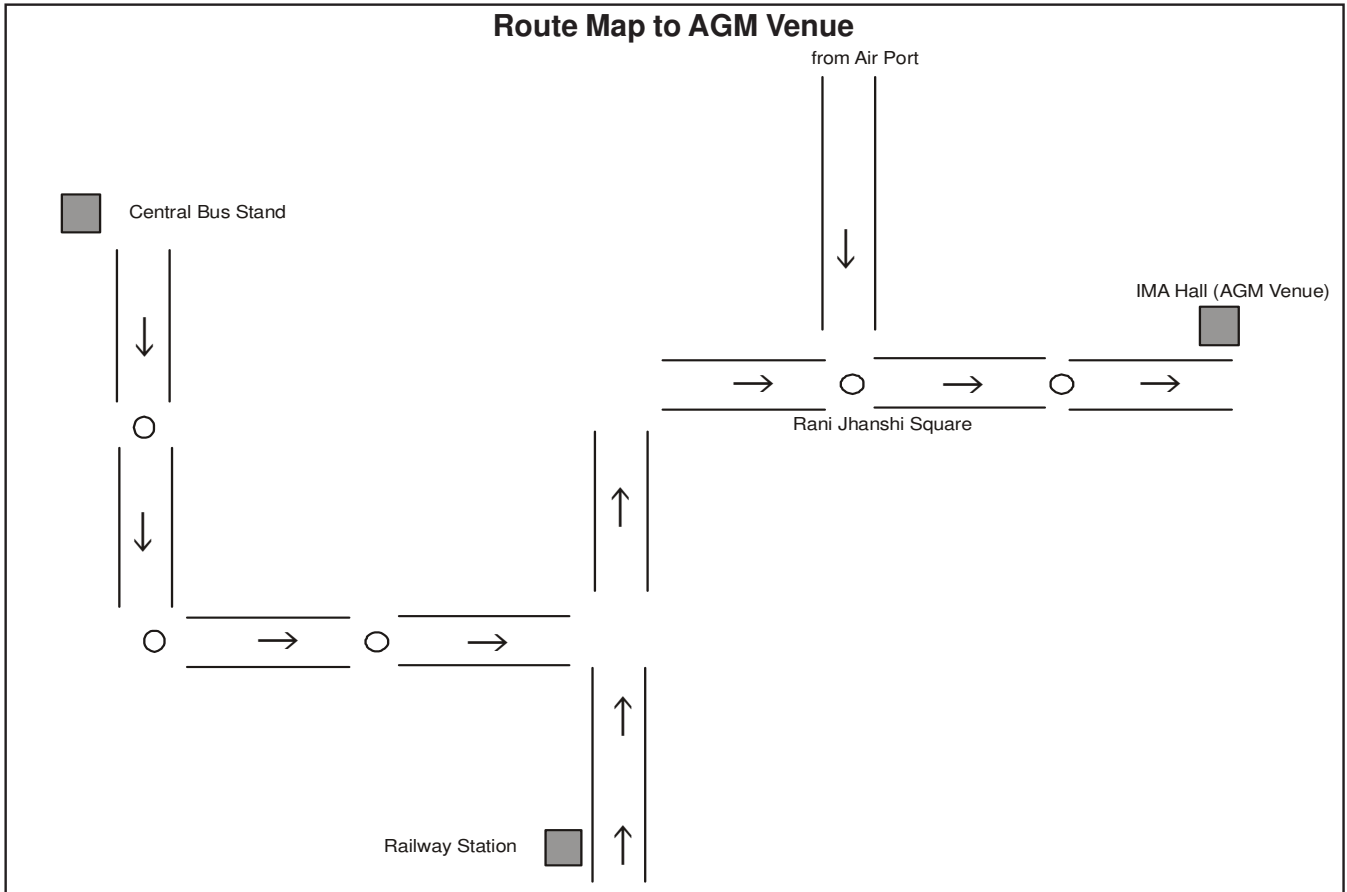
If Proxy, Please Sign here

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Note : The Shareholder (Member) or Proxy Holder is requested to please bring their copy of Thirty-second (32nd) Annual Report to the meeting venue for reference purposes.

Route Map to AGM Venue



POST / COURIER

If undelivered please return to :

SUNFLAG IRON AND STEEL COMPANY LIMITED

Registered Office : 33, Mount Road, Sadar, Nagpur - 440001 (Maharashtra) India

visit us at : www.sunflagsteel.com