

STEEL CITY SECURITIES LIMITED

ISO 9001 : 2015 CERTIFIED COMPANY



years of Trust

**Annual Report
2018-19**

E-GOVERNANCE

CAPITAL
MARKET

E-GOVERNANCE

CAPITAL
MARKET

E-GOVERNANCE

CAPITAL
MARKET



STEEL CITY SECURITIES LIMITED

CAPITAL
MARKET

E-GOVERNANCE

E-GOVERNANCE





Steel City Securities Limited

STEEL CITY SECURITIES LIMITED

(CIN: L67120AP1995PLC019521)

VISAKHAPATNAM

25th ANNUAL GENERAL MEETING

to be held on
14th September, 2019 at 11:45 A.M
at
Fortune Inn Sree Kanya
Member ITC's Hotel Group
47-10-34 & 35, Dwarakanagar, Diamond Park,
Sree Kanya Road, Visakhapatnam - 530016,
Andhra Pradesh, India.

Registered Office:

49-52-5/4, Shanthipuram, Sankaramatam Road,
Visakhapatnam - 530016

Phone : 0891-2563581, Fax: 0891-2563585

Email : investorrelations@steelcitynettrade.com, ramu.n@steelcitynettrade.com

Website : www.steelcitynettrade.com



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Company Information

BOARD OF DIRECTORS:

1. K. Satyanarayana
Executive Chairman
2. Satish Kumar Arya
Managing Director
3. T. V. Srikanth
Director (IT)
4. G. V. Vandana
Non – Executive Director
5. G. Satya Rama Prasad
Independent Director
6. Ch. Murali Krishna
Independent Director
7. M. H. Jagannadha Rao
Independent Director
8. B. Krishna Rao
Independent Director

CHIEF FINANCIAL OFFICER

N. Ramu

COMPANY SECRETARY &

COMPLIANCE OFFICER

M. Srividya

STATUTORY AUDITORS

M/S. SARC & Associates
Chartered Accountants

SECRETARIAL AUDITORS:

M/S. ASN Associates
Company Secretaries

REGISTRAR & TRANSFER AGENT

Bigshare Services Private Limited

BANKERS TO THE COMPANY

HDFC Bank Limited

Karnataka Bank Limited

Karur Vysya Bank Limited



COMPOSITION OF BOARD COMMITTEES

Members of Audit Committee

Sl No	Name of the Member	Designation
1	G. Satya Rama Prasad	Chairman, Non- Executive Independent Director
2	Ch. Murali Krishna	Member, Non- Executive Independent Director
3	B. Krishna Rao	Member, Non- Executive Independent Director

Members of Nomination and Remuneration Committee

Sl No	Name of the Member	Designation
1	Ch. Murali Krishna	Chairman, Non- Executive Independent Director
2	G. Satya Rama Prasad	Member, Non- Executive Independent Director
3	B. Krishna Rao	Member, Non- Executive Independent Director

Members of Stakeholder Relationship Committee

Sl No	Name of the Member	Designation
1	Ch. Murali Krishna	Chairman, Non- Executive Independent Director
2	Satish Kumar Arya	Member, Managing Director
3	M. H. Jagannadha Rao	Member, Non- Executive Independent Director
4	T.V. Srikanth	Member, Director (IT)

Members of Corporate Social Responsibility (CSR) Committee

Sl No	Name of the Member	Designation
1	K. Satyanarayana	Chairman, Executive Chairman
2	Satish Kumar Arya	Member, Managing Director
3	G. Satya Rama Prasad	Member, Non- Executive Independent Director

Members of Internal Complaints Committee

Sl No	Name of the Member	Designation
1	G. V. Vandana	Chairman, Non- Executive Director
2	Satish Kumar Arya	Member, Managing Director
3	M. Srividya	Member, Company Secretary

Our Team



K. Satyanarayana
Executive Chairman



Satish Kumar Arya
Managing Director



T. V. Srikanth
Director (IT)



G. V. Vandana
Non – Executive Director

Our Team



G. Satya Rama Prasad
Independent Director



Ch. Murali Krishna
Independent Director



M. H. Jagannadha Rao
Independent Director



B. Krishna Rao
Independent Director



N. Ramu
Chief Financial Officer



M. Srividya
Company Secretary & Compliance Officer



Message From the Chairman

Dear Shareholders,

It gives immense pleasure to present before you the 25th Annual Report of our Company. Silver Jubilee year is a significant landmark and we all feel proud about relentless journey of two-and-half decades and leading as a most trusted Financial and E-Governance Services company in the Financial Markets PAN India.

FY2019 remained volatile and challenging for the overall markets with various macro-level headwinds like US–China trade tensions, NBFC liquidity crisis and uncertainties at the political platform. As a result, the overall sentiment weighed heavily on the activities at capital market levels. Despite such challenges during the year we have grown our e-Governance business by 17% YOY.

We have presence in 1000+cities with 8574 franchises as on 31st March, 2019. We have processed on an average of 10Lakhs+ PAN cards per month during the last financial year. We made significant progress in utilizing our network via e-governance franchise to expand other services that laid the foundations for future growth in revenue, profitability and shareholder value.

I am happy to share that our company got migrated to the Main Board of National Stock Exchange of India on 27th day of June, 2019 from Emerge Platform of National Stock Exchange of India. A long dream of our company has come true by laying a foundation stone to construct a five storied corporate office building in the heart of the City at Seethammampeta, Visakhapatnam with all amenities to provide the best customer services at all times. This is another mile stone recorded in the history of Steel City Securities Limited.

Today Our Company is recognized as the preferred Financial Services Company amongst others because of the trust we built and services that we offer to our existing, potential customers & our business partners throughout India. The credibility of our esteemed clients and employees is always a key-role in promoting the business at all times. The work culture and commitment is always on top-priority to maintain the etiquette of the organization.

We have strengthened our IT infrastructure to cater more E- Governance and Broking centers. The Introduction of both Steel city Mobile app and E-Kyc will drive the future growth within broking business PAN India. We are an ISO 9001 Certified Company for more than a decade. Further, we are in the process of complying with ISO 27001 standards which will enhance the Cyber and Information Security of our Company.

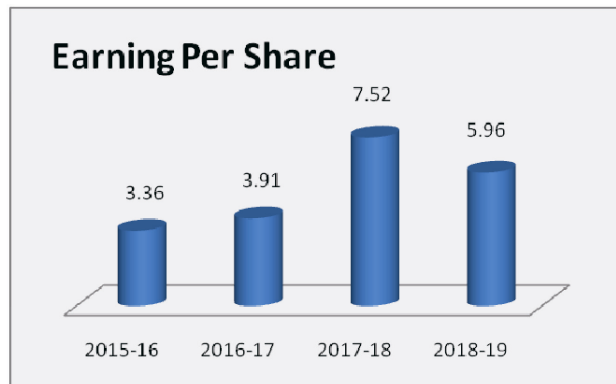
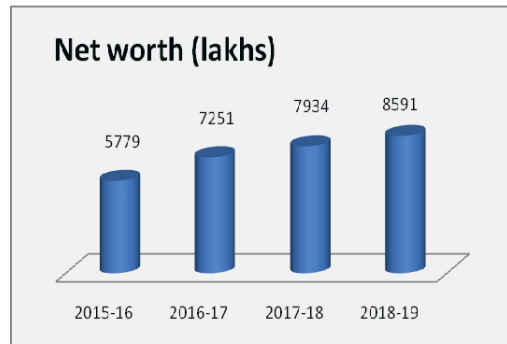
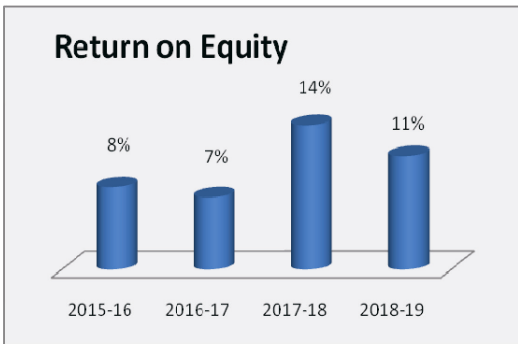
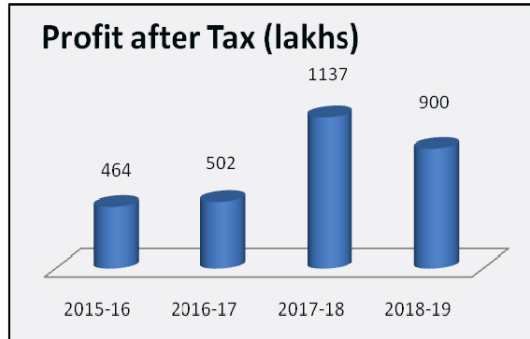
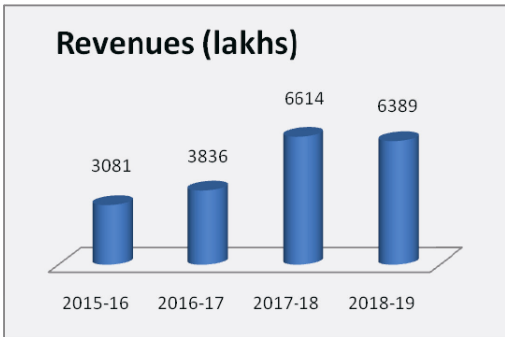
Lastly, I would like to thank all our most valuable Shareholders, Business Partners, Customers and Employees for their continuous and dedicated support in realizing our vision and goals. I would like to extend my gratitude to our Board of Directors for their continuous able guidance and support. We will explore every avenue, which will help in improving the growth of our organization. We are totally committed to put our hard and dedicated efforts to maximize the wealth of our stakeholders.

Yours Faithfully,

K. Satyanarayana
Executive Chairman



PERFORMANCE AT A GLANCE





Business Overview

About Us

Steel City Securities Limited ('Steel City' / 'Our Company') is incorporated in 1995 which is a leading retail stock broker in Southern India with leadership position in e-governance services. Head quartered in Visakhapatnam, today 'Steel City' provides whole range of financial services to its clients through a well established network of branches and offices. We are pioneers in introducing the "Franchisee model" to extend business potential in urban and rural areas PAN India. The brand is epitome of "confidence as strong as steel" further strengthened by its ISO 9001:2015 certification

The company is having business operations in 34 states & union territories across India. It has a diversified business portfolio covering Capital Market services, e-Governance services, Investment advisory in the form of distribution of Mutual Funds, Bonds, IPOs & Corporate Fixed Deposits, Currency Trading, Commodity Broking, Insurance Distribution & NBFC services.



Our Services

The business verticals & Services offered by the company are enumerated as below

Capital Market Services

- Online capital market trading
- Online Currency Trading and Mutual Funds
- Investment Advisory on Mutual Funds, Bonds, FDR's

Commodity Broking

- Commodity market trading
- IRDA registered life and non-life Insurance distributor
- Tied up with Tata Capital for distribution of all kinds of loan products



E-Governance

- TIN facilitation center (FC) and PAN Centre
- POP for NPS
- NSDL-licensed National Insurance Repository (NIR)
- NSDL-licensed ASP (Application Service Provider) for Digital Signatures
- GST* Suvidha Kendra

NBFC

- Project financing
- Investments



Capital Market Services

'Steel City' is the member & provides trading platform of NSE, BSE, MCX, NCDEX & MSE for stock, derivatives, commodity and currency segment.

It has an online E-Broking portal which provides online trading platform to the clients supported by investment advice and equity research. 'Steel City' is a Depository Participant of NSDL & CDSL since 2002.

Commodity Broking/Insurance

'Steel City' through its Subsidiary viz; Steel City Commodities Private Limited, provides Commodities trading to its clients through its trading platform on NCDEX & MCX. Steel City Commodities Private Limited also provides distribution of life and non-life insurance products of all the leading insurance Companies.

It holds approval from IRDA to conduct the said insurance business it is authorized distributor of insurance policies of SBI life, Religare Health and United India Insurance Company Limited

NBFC

'Steel City' through one of its Group Company viz; Steel City Financial Services Private Limited (a systematically important non deposit accepting Non Banking Finance Company) provide NBFC services to its clients.

E-Governance

'Steel City' has been appointed as a TIN-FC (Tax Information Network – Facilitation Centre) of NSDL e-Governance.

E-Governance products served by 'Steel City' include PAN, TAN, E-TDS, AIR & Form 24G

'Steel City' has been recognized as Point of Presence (POP) by PFRDA (Pension Fund Regulatory & Development Authority, Government of India).

'Steel City' is an approved entity for National Insurance Repository (NIR) wherein insurance policies are held in electronic form in a single E-Insurance Account.

'Steel City' is one of the competent broking outfits who has been recognized and authorized to provide above e-governance services by Government of India.

With implementation of GST the service providers in e-governance business would stand to immensely benefit. All centers of Steel City also serve customers for GST



Our Presence

Branch Offices



9 regional offices
+72 owned branches
+1600 trading terminal licences

E-Governance



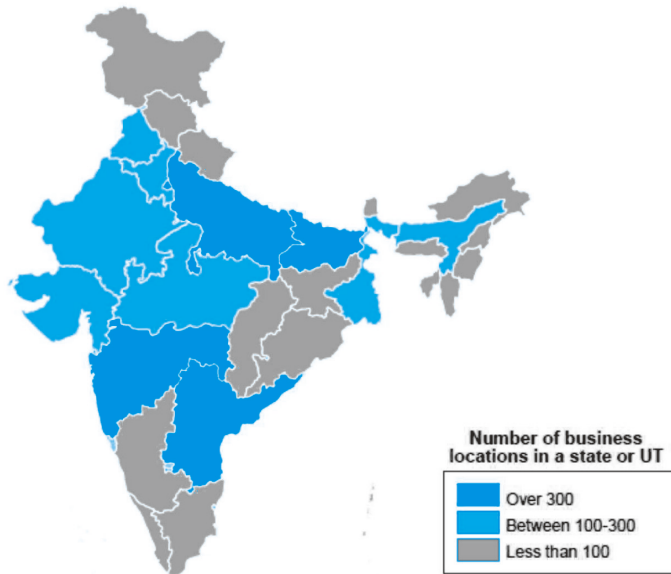
34 states and union territories with e-governance presence

Operating companies



Steel City Commodities (P) Ltd
(Subsidiary of Steel City Securities)
Steel City Financial Services (P) Ltd
(Part of Group company)

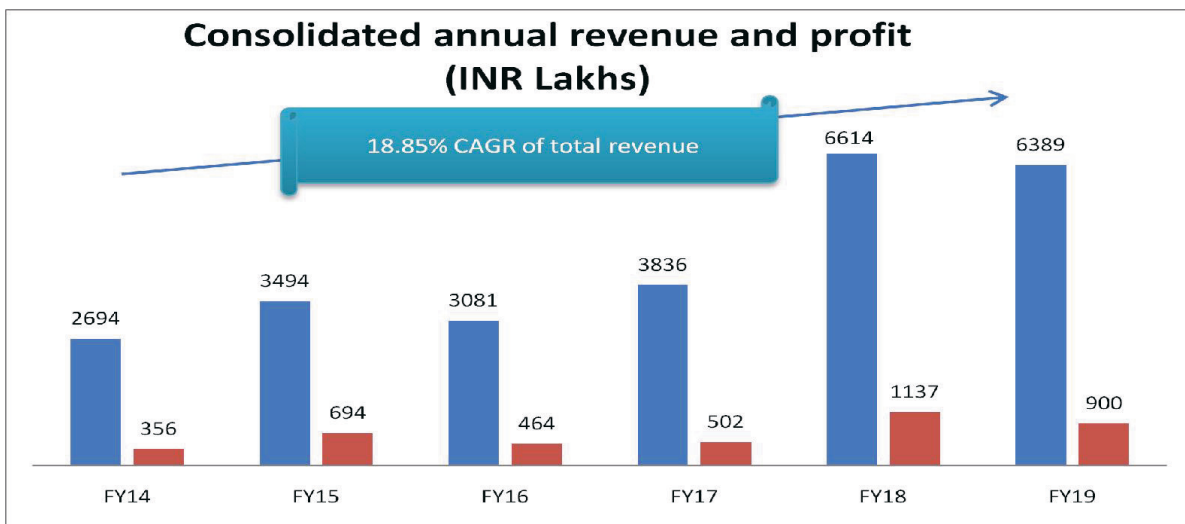
Geographical presence of TIN centers



Financial Highlights

FY19 witnessed a year-on-year growth of 17% in e-governance business. During FY19 the revenue stood at Rs 6389 lakhs while net profit after tax stood at Rs 900 lakhs continuing the tradition of shareholder’s wealth maximization, the company paid a dividend (25% in FY19). E-governance commission increased owing to growth in TIN centers from 541 centers in FY16 to 8574 centers by March, 2019.

Consolidated annual revenue and profit (INR Lakhs)



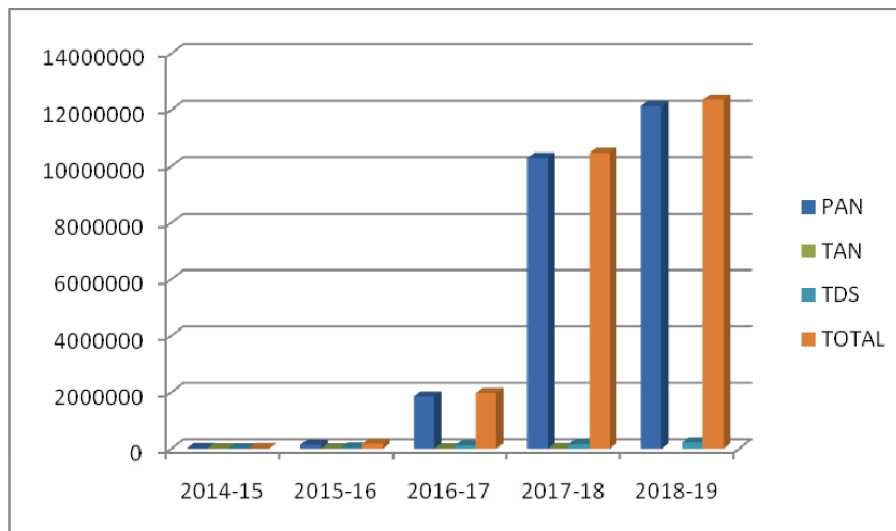


TIN-FC YEARLY PERFORMANCE (Statistical data)

(number)

Period	PAN	TAN	TDS	TOTAL
2014-15	7,749	8	122	7,879
2015-16	133,684	1,116	33,371	168,171
2016-17	1,850,420	3,842	115,383	1,969,645
2017-18	10,305,511	6,948	162,220	10,474,679
2018-19	12,134,177	13,082	218,594	12,365,853
Total	24,431,541	24,996	529,690	24,986,227

TIN-FC YEARLY PERFORMANCE (Graph)



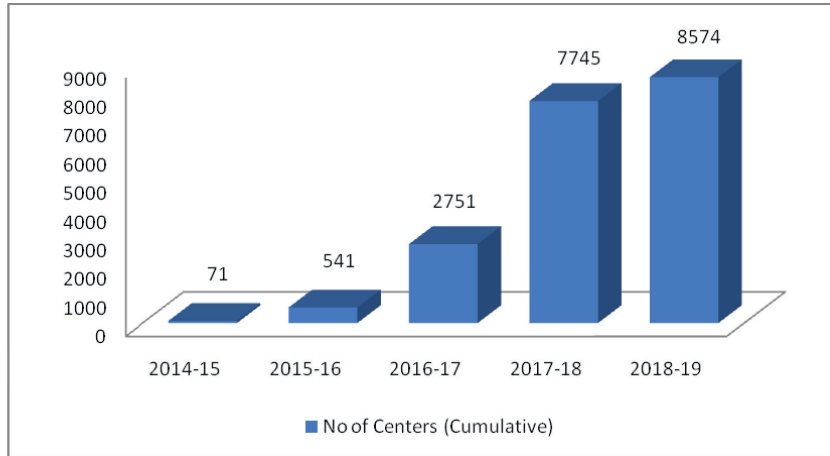
TIN-FC BRANCH EXPANSION NETWORK (Statistical Data)

Period	No of Centers Cumulative
2014-15	71
2015-16	541
2016-17	2751
2017-18	7745
2018-19	8574

(Numbers till 31st March, 2019)



TIN-FC BRANCH EXPANSION NETWORK (GRAPH)



Infrastructure

Company has registered office at Visakhapatnam covering area of about 14000 sq.ft. 3 owned offices covering an area of about 4500 sq.ft. located at Secunderabad, Tirupathi and Ongole. Besides this 67 other branch offices are operated through leased premises admeasuring about 55,000 Sq.ft. area. All the other centers of authorized set ups cover an average area of about 400-1000 sq.ft. per centre.

Technology is an integral part of the financial industry. We at Steel City Securities Limited strives to provide best in class service by providing the top notch technology platforms for our customers. 'Steel City' has countrywide connectivity via broadband based trading terminals installed to access and trade in all segment like Capital market, Futures & Options & Commodity and Currency Trading.

It has in-house developed software 'steel pack' for complete back office centralized operations. The online back office set up is available 24/7 basis providing an instant access to the required information.

In order to catch up with disruptive technology trend, our company developed mobile trading app for online trading. The company ensures prompt enhancement of its core application like trading platform, trading back office etc. This enables it to satisfy business needs as well to maintain seamless service to our customers.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Fifth Annual General Meeting** of the Members of Steel City Securities Limited will be held on Saturday, the 14th day of September, 2019 at 11:45 A.M at **Fortune Inn Sree Kanya, Member ITC's Hotel Group, 47-10-34 & 35, Dwarakanagar, Diamond Park, Sree Kanya Road, Visakhapatnam - 530016, Andhra Pradesh, India** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements (both Standalone & Consolidated Financial Statements) consisting of Profit & Loss Account and Cash Flow Statement for the Financial Year ended 31st March, 2019 and the Balance Sheet of the Company as on that date, Schedules and Notes thereon together with the Reports of the Board of Directors and Auditors thereon.

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

"RESOLVED THAT the Audited Financial Statements (both Standalone & Consolidated Financial Statements) of the Company for the Financial year ended 31st March 2019, consisting of Balance Sheet as at 31st March, 2019, Statement of Profit and Loss Account and Cash flow Statement for the year ended 31st March, 2019 together with the notes to Financial Statements and the Reports of the Board of Directors and Auditors including Annexure thereof laid before this meeting, be and are hereby considered and adopted. "

2. To confirm the 1st and 2nd Interim Dividend on Equity Shares and declare a Final Dividend of Rs. 0.50/- for every Equity Share of Rs. 10/- each i.e., @5% for every Equity Share for the Financial Year 2018-19.

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

"RESOLVED THAT 1st Interim Dividend @ 10% i.e., Rs. 1 /- (Rupee One Only) per Equity Share of the Company declared by the Board of Directors of the Company at its meeting held on 12th October, 2018, be and is hereby confirmed. "

"RESOLVED THAT 2nd Interim Dividend @ 10% i.e., Rs. 1 /- (Rupee One Only) per Equity Share of the Company declared by the Board of Directors of the Company at its meeting held on 18th February, 2019 be and is hereby confirmed. "

"FURTHER RESOLVED THAT a Final Dividend @ 5% i.e., Rs. 0.50 /- (Fifty Paise Only) per Equity Share of the Company for the Financial Year 2018-19, as recommended by the Board of Directors be and is hereby declared and approved."

3. To re-appoint Sri. T. V. Srikanth (DIN : 07992172) as Director of the Company whose office is liable to retire by rotation and being eligible, offers himself for re-appointment.



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

“RESOLVED THAT Sri. T. V. Srikanth (DIN: 07992172), who is liable to retire by rotation, be and is hereby re-appointed as Director subject to retirement by rotation.”

4. RATIFICATION OF APPOINTMENT OF AUDITORS:

To ratify the appointment M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) as Statutory Auditors of the Company for the Financial year 2019-20.

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

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014, the appointment of M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) be and is hereby ratified for the Financial Year 2019-20, at such remuneration and out of pocket expenses as mutually agreed between the Board and the Auditors.”

Regd. Office:

49-52-5/4

Shantipuram

Visakhapatnam – 530 016

Andhra Pradesh

Place: Visakhapatnam

Date: 14.08.2019

**By Order of the Board of Directors
FOR STEEL CITY SECURITIES LIMITED**

**(K. SATYANARAYANA)
EXECUTIVE CHAIRMAN
(DIN: 00045387)**

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself/herself and such Proxy need not be a member of the Company. A Proxy so appointed shall not have right to speak at the meeting. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.

A Proxy submitted on behalf of a Company, Trust or Society must be supported by an appropriate Resolution or Authority as applicable. A person can act as a Proxy on behalf of Members not exceeding Fifty (50) and holding in 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 Shareholder 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.



2. Members / Proxies shall bring attendance slips filled in and duly signed for attending the meeting.
3. Documents referred to in the Notice are open for inspection at the Registered Office of the Company during working hours on all working days till the date of Annual General Meeting and also at the place of the Meeting at the scheduled time of the Annual General Meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 06.09.2019 to 13.09.2019 (both days inclusive) to determine the list of Shareholders who are eligible to receive the Final Dividend that is going to be declared at the Annual General Meeting.
5. Members are requested to send their queries, if any, in writing at least 10 days in advance of the date of the Meeting to the Company at its Registered Office.
6. Shareholders desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
7. **Registrar and Share Transfer Agent:** M/s. Bigshare Services Private Limited have been appointed by the Company as Registrar and Share Transfer Agent by the Company. Hence, Depository Participants/ Shareholders / Investors of the Company are advised to send all documents / correspondence such as requests for Dematerialization of Shares, Transfer of Shares, Change of Address , Registration of e- mail id, Change of Bank Mandate / NEACS , and other Shares related documents.
8. **Green Initiative:** As a responsible Corporate Citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India. We strongly urge you to support this 'Green Initiative' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live. The Members who have not registered their e- mail address are requested to register their e-mail id's with the Company, Registrar and Share Transfer Agent or Depository Participant as the case may be.
9. In compliance with the provisions of Section 108 of the Act and the Rules framed there under, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.



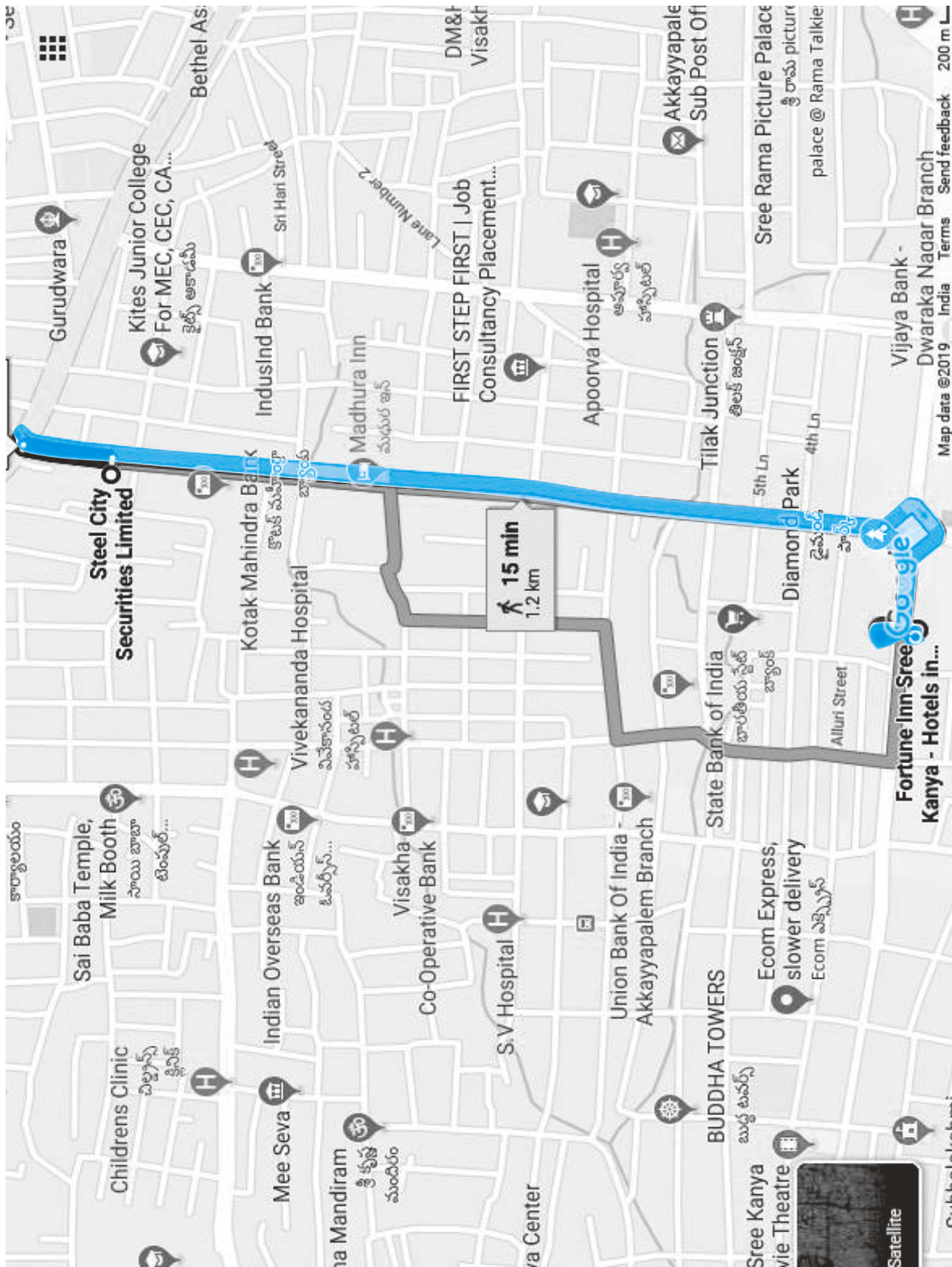
10. The Board of Directors has appointed Sri. Surendra, Practicing Company Secretary (CP No.12732) and failing him Sri Nagaraju M., Practicing Company Secretary (CP No.21515) as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
11. The facility for voting, either through electronic voting system or polling paper shall also be made available at the AGM and the Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right to vote at the AGM.
12. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Shareholders are entitled to make nomination in respect of Shares held by them in physical form, Shareholders desirous of making nominations are requested to send their requests to the Registrar and Share Transfer Agent.
13. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
14. Details under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), with the Stock Exchanges in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, the Director have furnished the requisite declarations for their appointment/ re-appointment.

Details of Director Seeking Re-appointment at the Annual General Meeting

Particulars	
Name	T. V. Srikanth
Date of Birth	29.07.1978
Date of Appointment	24.11.2017
No. of Shares held in the Company	Nil



Route Map to the venue of Annual General Meeting:





SHAREHOLDER INSTRUCTIONS FOR E-VOTING

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 11.09.2019 at 9.00 A.M and ends on 13.09.2019 at 5.00 P.M. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 07.09.2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</p> <p>❖ 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 sequence number 1 then enter RA00000001 in the PAN field.</p>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <p>❖ 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).</p>



- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for M/s. Steel City Securities 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 a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) 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. 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.

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



DIRECTORS' REPORT

To,

The Members,

STEEL CITY SECURITIES LIMITED

49-52-5/4, Shanthipuram,
Visakhapatnam – 530016
Andhra Pradesh, India.

Your Directors have pleasure in presenting the Twenty- Fifth Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended 31st March, 2019 and the Report of the Auditors thereon.

1. FINANCIAL PERFORMANCE AND REVIEW : (Standalone and Consolidated)

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Gross Income	6148.55	6361.67	6388.71	6613.86
Expenditure	4729.44	4667.40	4938.61	4877.93
Profit/ loss before Depreciation , Finance Costs, Exceptional Items & Taxation	1419.11	1694.27	1450.09	1735.93
Less: Depreciation	92.71	86.28	95.78	89.56
Profit/ loss after Depreciation and before Finance Costs, Exceptional Items & Taxation	1326.40	1607.99	1354.32	1646.37
Less: Finance Costs	31.05	36.14	34.28	40.59
Profit/ loss before Exceptional Items & Taxation	1295.35	1571.85	1320.03	1605.78
Add/ (Less): Exceptional Items	0.00	0.00	0.00	0.00
Profit/ loss before taxation	1295.35	1571.85	1320.03	1605.78
Less: Provision for Taxation				
For earlier years	52.72	22.83	52.23	24.00
For current year	386.54	439.54	402.72	451.42
Deferred Tax Liability	(10.84)	1.61	(11.04)	1.47
Provision for FBT	0.00	0.00	0.00	0.00
Net Profit after Taxation	866.92	1107.86	876.13	1128.90
Add: Share of Profit in Associate	-	-	23.90	15.25
Profit after Tax and Share of Profit in Associate	-	-	900.03	1144.15
Less: Minority Interest	-	-	-	(7.42)



Particulars	Standalone		Consolidated	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Profit for the Year	866.92	1107.86	900.03	1136.73
Add: Balance brought forward from earlier year	3458.85	2912.93	4403.75	4018.10
Balance available for appropriations	4325.77	4020.80	5303.78	4976.81
Less: Amount transferred to Reserves	86.69	110.79	87.61	114.56
Less: Interim Dividend and Dividend Tax	364.24	363.65	364.24	363.65
Less: Proposed Dividend and Dividend Tax	91.06	87.51	91.05	94.85
Balance carried forward to P & L A/c	3783.77	3458.85	4760.88	4403.75

2. AMOUNT TRANSFERRED TO RESERVES:

The Board of Directors proposes to transfer an amount of Rs. 86.69 Lakhs to General Reserve for the Financial Year 2018-19.

3. DIVIDEND:

The Board of Directors of the Company at their meeting held on the 12th day of October, 2018 has declared 1st Interim Dividend @ 10% for every Equity Share of Rs. 10/- each and has declared 2nd Interim Dividend @10% for every Equity Share of Rs.10/- each at their meeting held on 18th day of February, 2019 after considering the Provisional Financials of the Company. The Board at their meeting held on 29th May, 2019 further recommends a Final Dividend @ 5% for every Equity Share of Rs. 10/- each after taking into consideration the Financial position of the Company. On the whole the Company has declared a dividend of Rs. 2.50/- i.e, @25% (inclusive of Interim and Final Dividend) for every Equity Share of Rs.10/- each for the Financial Year 2018-19.

4. STATE OF AFFAIRS OF THE COMPANY DURING THE YEAR:

Standalone:

During the year under review, the Company has recorded an Income of Rs. 6148.55 Lakhs as compared to the previous year amount of Rs. 6361.67 Lakhs. The Expenditure incurred before depreciation during the year was Rs. 4760.49 Lakhs as against the amount of Rs. 4703.54 Lakhs during the previous year. The depreciation and provision for taxes provided during the year were Rs. 92.71 Lakhs and Rs. 428.42 Lakhs respectively as compared to the depreciation and provision for taxes provided for the previous year were Rs. 86.28 Lakhs and Rs. 463.98 Lakhs respectively. Hence, the Company has earned a Net Profit of Rs. 866.92 Lakhs as compared to the previous year amount of Rs. 1107.86 Lakhs. During this year, the Net Profit has decreased @ 21.75% as compared to the previous year due to the sluggish market conditions prevailing during the year, especially in the High – Yield cash segment. The Board has taken all necessary steps to expand its activities by establishing new Branches/Centers in other States and also by adding new services and products. The income from the segment of e-Governance also will certainly increase the



business of the Company and has opened around 5000+ Franchises during the Financial Year 2018-19. The Company also proposes to get itself registered as a Mutual Fund Intermediary. Hence, the Company expects bright future in the years to come.

Consolidated:

During the year under review, the Company has recorded an Income of Rs. 6688.71 Lakhs as compared to the previous year amount of Rs. 6613.86 Lakhs. The Expenditure incurred before Depreciation during the year was Rs. 4972.89 Lakhs as against the amount of Rs. 4918.52 Lakhs during the previous year. The depreciation and provision for taxes provided during the year were Rs. 95.78 Lakhs and Rs. 443.91 Lakhs respectively as compared to the depreciation and provision for taxes provided for the previous year were Rs. 89.56 Lakhs and Rs. 476.88 Lakhs respectively. Hence, the Company has earned a Net Profit of Rs. 876.13 Lakhs before considering Minority Interest and Share of Associate and Rs. 900.03 Lakhs after considering Minority Interest and Share of Associate as compared to the previous year amount of Rs. 1128.90 Lakhs before considering Minority Interest and Share of Associate Rs. 1136.73 Lakhs after considering Minority Interest and Share of Associate. The Net Profit for the year decreased by 22.39% as compared to the Net Profit for the previous year. The Board considered the matter and has formulated necessary business plans to further increase the profit of the Company during the current Financial Year 2018-19.

5. CHANGE IN THE NATURE OF BUSINESS:

There is no change in the nature of Business of the Company during the Financial Year 2018-19.

6. MATERIAL CHANGES AND COMMITMENTS OCCURRED SINCE THE END OF THE FINANCIAL YEAR TILL THE DATE OF THE REPORT:

Your Company got itself migrated from SME Platform, NSE Emerge to the Main Board of NSE from 27th day of June, 2019. Further, Your Company has laid down the Foundation Stone to construct its own building at Seethammampeta, Visakhapatnam on the 27th day of June, 2019.

7. MILESTONES ACHIEVED:

You're Directors are glad to inform that your Company is now migrated to the Main Board of National Stock Exchange of India on June 27th, 2019. Your Company is having its footprint in 34 States and Union Territories across India and is operating through more than 70 owned branches, 8500+ Franchises and is having more than 5000 Authorised Persons working under the Company.

8. GROWTH PROSPECTS FOR INDIAN CAPITAL MARKET IN 2019:

Stock market ended financial year (FY) 2018-19 on a stellar note, thanks to a sharp rally in March after weak global cues and IL&FS crisis during the second half of the fiscal dented the investor sentiment in a big way. The S&P BSE Sensex rallied 17 per cent in FY19 while the broader Nifty 50 index of the National Stock Exchange (NSE) gained 15 per cent. Out of this, 7.23 per cent gain in Sensex and 6.99 per cent in Nifty came in March alone.

Going forward, equities are likely to maintain their upward trajectory and touch new highs; however, intermittent volatility due to general elections, occasional profit booking, global developments such as Brexit, central banks' policy decisions and oil prices cannot be ruled out.

Most experts believe there is a fair chance that it could happen. "The year of FY20 will belong to mid and small-caps, for having handling well the last period of slow businesses, tight liquidity and SEBI norms, which impacted the valuation and growth of such classes. These are likely to lend a brighter period in the new fiscal year," says Vinod Nair, head of research at Geojit Financial Services.

"Our analysis of fundamentals and valuations for mid-caps and comparison of mid-caps versus



large-caps on several frontiers suggest that the relative attractiveness of mid-caps has gone up. Hence, we believe the broad underperformance of the mid-caps is overdone and interesting bottom-up opportunities are now available in this space across sectors," says Khemka.

9. CAPITAL AND DEBT STRUCTURE:

a. AUTHORISED SHARE CAPITAL:

The present Authorised Share Capital of the Company is Rs. 25,00,00,000/- (Rupees Twenty Five Crores Only).

b. ISSUED AND PAID - UP OF EQUITY SHARES:

The present Issued and Paid-up Share Capital of the Company is Rs. 15,10,70,950/- (Fifteen Crores Ten Lakhs Seventy Thousand Nine Hundred and Fifty Only).

c. ISSUE OF EQUITY SHARES:

During the year the Company has not issued any Equity Shares.

d. BUY BACK OF SECURITIES:

The Company has not bought back any of its Securities during the year under review.

e. SWEAT EQUITY:

The Company has not issued any Sweat Equity Shares during the year under review.

f. BONUS SHARES:

No Bonus Shares were issued during the year under review.

g. EMPLOYEES STOCK OPTION PLAN:

The Company has not provided any Stock Option Scheme to the Employees.

h. ISSUE OF EQUITY SHARES WITH DIFFERENTIAL RIGHTS:

The Company has not issued any Equity Shares with differential Rights during the year.

i. PROVISION OF MONEY BY COMPANY FOR PURCHASE OF ITS OWN SHARES BY EMPLOYEES OR BY TRUSTEES FOR THE BENEFIT OF EMPLOYEES:

The Company has not provided any money for purchase of own Shares, by Employees or by Trustees for the benefits of Employees.

10. TRANSFER OF AMOUNTS TO INVESTOR EDUCATION AND PROTECTION FUND:

Your Company has transferred an amount of Rs. 1,05,800/- of Unclaimed Dividend as and when they became due to Investor Education and Protection Fund (IEPF) during the Financial Year 2018-19.

Pursuant to the provisions of the Investor Education Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules, 2012, the Company has already filed the necessary form and uploaded the details of unpaid and unclaimed amounts lying with the Company, as on the date of last AGM (i.e., 1st September, 2018), with the Ministry of Corporate Affairs.

11. TRANSFER OF SHARES TO INVESTOR EDUCATION AND PROTECTION FUND:

Pursuant to the provisions of Section 124(6) Companies Act, 2013, the Company is required to transfer Shares of the Company relating to those Shareholders who haven't claimed Dividend for a period of 7(Seven) Consecutive years. Hence, as per the above provisions, Your Company has



transferred 62,500 Equity Shares of the Company to Investor Education and Protection Fund during the Financial year 2017-18 and there is no requirement of further transfer of Shares to IEPF during the Current Financial Year.

12. MANAGEMENT:

(a) Change in the Composition of the Board of Directors:

Sri. T. V. Srikanth, Additional Director of the Company was appointed as Whole – Time Director of the Company designated as Director (IT) at the Annual General Meeting of the Company held on 1st September, 2018.

(b) Independent Directors:

Pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, Sri Godithi Satya Rama Prasad, Sri Murali Krishna Cherukuri, Sri. M. H. Jagannadha Rao and Sri. B. Krishna Rao continue as Independent Directors of the Company.

They have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as Independent Director during the year.

(c) Retirement by Rotation:

In terms of Section 152 of the Companies Act, 2013, Sri. T. V. Srikanth, Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offered himself for re-appointment.

The Board confirms that none of the Directors of the Company is disqualified from being appointed as Director in terms of Section 164 of the Companies Act, 2013 and necessary declaration has been obtained from all the Directors in this regard.

(d) Key Managerial Personnel (KMP):

Pursuant to the provisions of Section 203 of the Act, which came into effect from April 1, 2014, the Board of Directors have approved the appointments of Sri Kamireddi Satyanarayana, Executive Chairman; Sri Satish Kumar Arya, Managing Director; Sri. T. V. Srikanth, Whole – Time Director; Sri Ramu Naraharasetti, Chief Financial Officer (CFO) and Smt. M. Srividya, Company Secretary continue to hold the office as KMP of the Company.

13. COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION:

The Company has formulated a policy on Director's appointment and Remuneration which is available on the website of the Company www.steelcitynettrade.com.

14. REMUNERATION OF MANAGING DIRECTOR / WHOLE-TIME DIRECTOR FROM SUBSIDIARY COMPANY:

None of the Whole Time Director's or Managing Director of the Company does not draw any remuneration from the Subsidiary Company.

15. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (5) of the Companies Act, 2013, Board of Directors of the Company, confirm that:

- a) In preparation of the Annual Accounts for the financial year ended 31st March 2019, the applicable Accounting Standards have been followed along with proper explanation to material departures;



- b) The Directors have selected Accounting Policies, consulted the Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at end of the financial year and of the profit or loss of the Company, for that period.
- c) The Directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities and
- d) The Directors have prepared the Annual Accounts of the company on a going concern basis;
- e) The Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) There is a proper system to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

16. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENT:

Our Company has One (1) Wholly Owned Subsidiary i.e., M/s. Steel City Commodities Private Limited and an Associate Company i.e, M/s. Steel City Financial Services Private Limited. The financial performance of both the Companies is enumerated below:

Steel City Commodities Private Limited

Steel City Commodities Private Limited became Subsidiary of the Company in 2004 and Wholly Owned Subsidiary during the Financial Year 2018-19, is in the business of Commodity Broking and is a Member of Multi Commodity Exchange of India Ltd (MCX), National Commodity & Derivatives Exchange Limited (NCDEX) and Indian Commodity Exchange Limited (ICEX) . Now the Company is fully geared up to take a major plunge into the business of Commodities Broking and the coming year looks more promising. During the Financial Year 2018-19, the Subsidiary has earned a Net Profit of Rs. 9.21 Lakhs as against the Net Profit of Rs. 37.76 Lakhs for the Financial Year 2017-18. The profit of the Company decreased by 75.61% as compared to the F.Y. 2017-18 due to sluggish market conditions.

Steel City Financial Services Private Limited:

Steel City Financial Services Private Limited is an Associate Company of Steel City Securities Limited carrying on the business of Non-Banking Financial Services by providing Personal Loans etc., to its clients. During the Financial Year 2018-19, the Associate Company has earned a Net Profit of Rs. 54.64 Lakhs as against the Net Profit of Rs. 34.86 Lakhs for the Financial Year 2017-18. The Profit of the Company increased by 56.74% as compared to the F.Y. 2017-18.

17. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013.

The Company has always believed in providing a safe and harassment free workplace for every individual working in premises and always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

During the year ended 31st March, 2019, the Company has not received any complaint pertaining to sexual harassment.



18. ISO CERTIFICATION:

The Company continues to hold ISO 9001 : 2015 Certification with the scope of "Service Provision for Stock/ Securities Market Operations, Depository Participant Services, Other Allied and Customer Support Services" from TUV India Pvt. Ltd. The Company has been complying with the concerned procedure in this regard. Further, we are in the process of complying with ISO 27001 standards which will enhance the cyber and information security of our Company.

19. NUMBER OF MEETINGS OF THE BOARD:

During the F.Y. 2018-19 the Board of Directors met for 9 (Nine) times to discuss about the business and other important matters relating to the Company and the details of the meetings of the Board are mentioned in the Corporate Governance Report, which forms part of this report.

20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All contracts / arrangements / transactions entered by the Company during the Financial Year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions.

These have been discussed in detail in the Notes to the Standalone Financial Statements in this Annual Report and also a report on related party transactions entered into by the Company is annexed as Annexure – 2.

21. DEPOSITS:

The Company has not accepted any fixed deposits attracting the provisions of the Companies Act, 2013 and, as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

22. AUDITORS:

(a) Statutory Auditors:

At the Annual General Meeting held on the 1st September, 2018, M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) were appointed as Statutory Auditors of the Company and shall hold office for a period of 4 years from the Financial Year 2018-19 till the conclusion of the Annual General Meeting to be held in the calendar year 2022. Since the appointment of the Statutory Auditors is to be ratified at every Annual General Meeting of the Company, the Board recommend the ratification of appointment of M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) as Statutory Auditors of the Company.

(b) Internal Auditors:

M/s. Rao & Manoj Associates, Chartered Accountants, Visakhapatnam were appointed as the Internal Auditors of the Company for the Financial Year 2018-19, who are acting independently and also responsible for regulatory and legal requirements relating to operational processes and internal systems. As the Board is satisfied with the performance of these Auditors the Board proposes to appoint them in the next Board meeting as Internal Auditors for the Financial Year 2019-2020 also. These Auditors Report directly to the Chairman of the Board of Directors.

Sri. Y.S.N. Murthy, Chartered Accountant, Visakhapatnam was appointed as Internal Auditor of the Company for the Financial Year 2018-19, who is acting independently and also responsible for regulatory and legal requirements relating to D.P Operations and the Internal



Audit relating to the Pension Fund Regulatory Authority of India of the company. As the Board is satisfied with the performance of this Auditor the Board proposes to appoint him in the next Board meeting as Internal Auditor for the Financial Year 2019-2020 also. This Auditor Reports directly to the Chairman of the Board of Directors.

M/s. T.R. Chadha & Co, Chartered Accountants, Hyderabad were appointed as Internal Auditors as per the Circular issued by Securities Exchange Board of India for the Financial Year 2018-19. As the Board is satisfied with the performance of these Auditors the Board proposes to Appoint them in the next Board meeting as Internal Auditors for the Financial Year 2019-2020 also.

(c) Systems Auditors:

M/s. Kochar Consultants Private Limited, Chartered Accountants, Mumbai were appointed as the Systems Auditors of the company as per the circulars issued by NSE, BSE and MSEI Exchanges notified Rules & Regulation from time to time for the Year 2018-19. As the Board is satisfied with the performance of these Auditors the Board Proposes to appoint them in the next Board meeting as Internal Auditors for the Financial Year 2019-2020 also.

(d) Secretarial Auditors:

M/s. ASN Associates, Practicing Company Secretaries, Visakhapatnam were appointed as Secretarial Auditors of the Company as per provisions of Section 204 of the Companies Act, 2013 and Rules made there under for the Financial Year 2018-19. The Secretarial Audit Report for the Financial Year 2018 - 19 forms part of the Annual Report as Annexure- 8 to the Board's Report. As the Board is satisfied with the performance of these Auditors, the Board proposes to appoint them in the next Board meeting as Secretarial Auditors for the Financial Year 2019-2020 also.

23. AUDITORS' REPORT:

The Notes on Financial Statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remarks.

24. CREDIT & GUARANTEE FACILITIES:

The Company has been availing secured loans, overdraft facilities and bank guarantee facilities from HDFC Bank Limited, Karur Vysya Bank Limited and Karnataka Bank Limited from time to time for the business requirements.

25. PARTICULARS REGARDING ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Your Company continues to explore all possible avenues to reduce energy consumption.

The particulars as prescribed under Sub – Section (3)(m) of Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is enclosed as Annexure - 4 to the Board's Report.

26. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Board hereby declares that the Company hereby follows all the procedures which are in compliance with the Secretarial Standards issued by the Institute of Company Secretaries of India.

27. MANAGEMENT DISCUSSION ANALYSIS:

Management Discussion & Analysis is given as Annexure - 9.



The Board has been continuing its efforts and taken the required steps in the following areas:

1. Industry Structure and Development
2. Growth Strategy.
3. Segment-Wise Performance
4. Internal Control Systems and their adequacy
5. Strengths, Weaknesses, Opportunities and Threats
6. Financial Performance with respect to Operational Performance
7. Material Developments in Human Resources / Industrial Relations
8. Strict Compliances
9. Talent Management, Leadership Development, and Talent Retention.
10. Learning and Development

28. CORPORATE GOVERNANCE:

Your Company has been complying with the principles of good Corporate Governance over the years. In compliance with Regulation 34 of the SEBI (LODR) Regulations 2015, a separate report on Corporate Governance forms an integral part of this report as Annexure –3. The Auditor Certificate on Corporate Governance is also annexed along with the report on Corporate Governance.

Board diversity

The Company recognizes and embraces the importance of a diverse board in its success. We believe that a truly diverse board will leverage differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, ethnicity, race and gender, which will help us, retain our competitive advantage.

29. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The key philosophy of all CSR initiatives of the Company is guided by three core commitments of Scale, Impact and Sustainability. During the year, the Company has spent an amount of Rs. 18,89,505.50, which is to be mandatorily spent by the Company on CSR activities as per the provisions of Section 135 of the Companies Act, 2013.

Your Company's CSR Policy Statement and Annual Report on the CSR Activities undertaken during the Financial Year ended 31st March, 2019, in accordance with Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 is annexed to this report as Annexure – 5.

30. EXTRACT OF ANNUAL RETURN:

In accordance with Section 134(3)(a) of the Companies Act, 2013, an Extract of the Annual Return as per Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014 in the prescribed Format MGT-9 is available on the website of our Company www.steelcitynettrade.com

31. INTERNAL FINANCIAL CONTROLS:

The Board has adopted the policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.



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:

There were no significant and material Orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

33. DISCLOSURE RELATING TO REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES AS PER SECTION 197(12) UNDER RULE 5(2) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014:

The remuneration paid to the Directors is in accordance with the recommendations of Nomination and Remuneration Committee formulated in accordance with Section 178 of the Companies Act, 2013 and any other re-enactment(s) for the time being in force.

The Managing Director & Whole-Time Directors of your Company did not receive remuneration from any of the Subsidiaries of your Company.

Particulars of employees as required in accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed as Annexure - 6.

34. DECLARATION BY INDEPENDENT DIRECTORS:

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every Financial Year, gives a declaration that he meets the criteria of independence as provided under law. The same Declaration has been made by the Independent Directors of the Company.

35. VIGIL MECHANISM FOR DIRECTORS AND EMPLOYEES:

Your Company is committed to highest standards of ethical, moral and legal business conduct. Accordingly, the Board of Directors has formulated a Whistle Blower Policy which is in compliance with the provisions of Section 177(10) of the Companies Act, 2013. Employees can raise concerns regarding any discrimination, harassment, victimization, any other unfair practice being adopted against them or any instances of fraud by or against your Company. Any incidents that are reported are investigated and suitable action taken in line with the Whistle Blower Policy. The Whistle Blower Policy is also available on your Company's website (www.steelcitynettrade.com).

36. RISK MANAGEMENT:

All the risks are discussed at the Senior Management Level at their meetings periodically to ensure that the risk mitigation plans are well thought out and implemented and adverse impact of risks is avoided or kept within manageable proportions. Further, the Board has been identifying the elements of the Risks which may threaten the existence of the Company from time to time.

37. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS PURSUANT TO SECTION 186 OF THE COMPANIES ACT, 2013:

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

38. CONSOLIDATED FINANCIAL STATEMENTS:

In accordance with Accounting Standard AS-21, the Consolidated Financial Statements are furnished herewith and form part of this Report and Accounts.



39. BOARD EVALUATION:

The Board of Directors has carried out an Annual Evaluation of its own performance, Board Committees and Individual Directors pursuant to the provisions of the Act.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of the criteria such as the Board composition and structure, effectiveness of Board processes, information and functioning, etc.

The performance of the Committees was evaluated by the Board after seeking inputs from the Committee Members on the basis of the criteria such as the composition of Committees, effectiveness of Committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the Individual Directors on the basis of the criteria such as the contribution of the Individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc. In addition, the Chairman was also evaluated on the key aspects of his role.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman as well as the Whole-Time Directors was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its Committees and Individual Directors was also discussed. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

40. INSURANCE:

All the assets of the Company wherever necessary and to the extent required have been adequately insured.

41. EMPLOYEE RELATIONS:

The relationship with the staff and workers continued to be cordial during the entire year. The Directors wish to place on record their appreciation of the valuable work done and co-operation extended by them at all levels. Further, the Company is taking necessary steps to recruit the required personnel from time to time.

42. STATUTORY COMPLIANCES:

The Company has complied and continues to comply with all the applicable Regulations, Circulars and Guidelines issued by the MCA, Exchanges, SEBI, other Regulating Agencies, filings, etc.

43. GENERAL:

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

- a. Neither the Managing Director nor the Whole-Time Director of the Company receives any remuneration or commission from any of its subsidiary.
- b. Issue of Equity Shares with differential rights as to Dividend, voting.
- c. Issue of Shares (including Sweat Equity Shares) to employees of the Company under any scheme.



44. ACKNOWLEDGEMENTS:

Steel City Securities Limited is grateful to the Government of India, Securities and Exchange Board of India, National Securities Clearing Corporation Limited, Bombay Stock Exchange Ltd, National Stock Exchange of India Limited, National Securities Depository Limited, Central Depository Services (India) Limited, Metropolitan Stock Exchange of India Ltd (MSEI), National Commodities & Derivatives Exchange (NCDEX), Multi Commodities Exchange (MCX), and other Exchanges, Pension Fund Regulatory & Development Authority (PFRDA), Bankers, Rating agencies (CRISIL), Government Authorities, Local Bodies and other agencies for their continued co-operation, support and guidance.

Steel City Securities Limited would like to take this opportunity to express sincere thanks to its valued clients and customers for their continued patronage. The Directors express their deep sense of appreciation of all the employees, whose outstanding professionalism, commitment and initiative has made the organizations growth and success possible and continues to drive its progress. Finally, the Directors wish to express their gratitude to the members for their trust and support.

By Order of the Board

For STEEL CITY SECURITIES LIMITED

Place: Visakhapatnam

Date: 29.05.2019

(K. Satyanarayana)
Executive Chairman
(DIN: 00045387)

(Satish Kumar Arya)
Managing Director
(DIN: 00046156)



Annexure I

Form AOC-1

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

Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures

Part "A": Wholly Owned Subsidiary

(Amount in Rs.)

Sl.No.	Particulars	Steel City Commodities Private Limited
1.	CIN of the Subsidiary	U51399AP2002PTC039727
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	01.04.2018 to 31.03.2019
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Rupee (INR)
4.	Share Capital	Rs. 1,00,00,000
5.	Reserves & Surplus	Rs. 1,28,02,039.58
6.	Total Assets	Rs. 18,00,45,362.78
7.	Total Liabilities	Rs. 4,20,25,322.70
8.	Investments (Non- current)	Rs. 3,08,90,635.00
9.	Turnover	Rs. 2,40,15,373.90
10.	Profit before taxation	Rs. 24,68,306.80
11.	Provision for taxation	Rs. 15,46,998.19
12.	Profit/Loss after taxation	Rs. 9,21,308.61
13.	Proposed Dividend	Rs.0.00
14.	% of shareholding	100%



Part “B”: Associates

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

	Name of associates/Joint Ventures	Steel City Financial Services Private Limited
		Associate Company
1.	Latest audited Balance Sheet Date	31.03.2019
2.	Shares of Associate/Joint Ventures held by the company on the year end	9,60,000 Shares
	Amount of Investment in Associates/Joint Venture	Rs. 96,00,000/-
	Extent of Holding%	21.87%
3.	Description of how there is significant influence	Holding 43.74% of equity share stake along with its subsidiary
4.	Reason why the associate/joint venture is not consolidated	NA
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	Total Networth of the Associate Company is Rs.6,65,39,549.14
6.	Profit/Loss for the year	Rs. 54,64,807.91
	i. Considered in Consolidation	Rs.23,90,075.44
	ii. Not Considered in Consolidation	NA

In terms of our report attached

For SARC Associates

Chartered Accountants

FRN:006085N

Chandra Sekhar Akula

Partner

Mem No: 206704

Place : Visakhapatnam

Date : 29.05.2019

G.S.R.Prasad

Director

For Steel City Securities Limited

K. Satyanarayana

Executive Chairman

N.Ramu

Chief Financial Officer

Satish Kumar Arya

Managing Director

M. Srividya

Company Secretary



Annexure - 2

FORM NO. AOC -2

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

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions at Arm’s length basis.

Name of the Related Party	Nature of Relationship	Duration of Contracts	Salient Terms	Amount (Rs. in Lakhs)
The Company has not entered into any contracts / agreements with related parties				

In terms of our report attached
For SARC Associates
 Chartered Accountants
 FRN:006085N

For Steel City Securities Limited

Chandra Sekhar Akula
 Partner
 Mem No: 206704

K. Satyanarayana
 Executive Chairman

Satish Kumar Arya
 Managing Director

Place : Visakhapatnam
 Date : 29.05.2019

G.S.R.Prasad
 Director

N.Ramu
 Chief Financial Officer

M. Srividya
 Company Secretary



ANNEXURE - 3 REPORT ON CORPORATE GOVERNANCE

Introduction

Steel City Securities Limited is a leading retail Stock Broking Company in Southern parts of India. We are the pioneers and prime leaders in introducing the Franchisee model to extend our business potential in urban and rural areas of Andhra Pradesh & have business operations in Tamil Nadu, Karnataka, Maharashtra and Odisha. In 1998 the Company has achieved phenomenal growth in all aspects. The workforce has been given top priority to meet and enhance our endless support and services. In 2004 Steel City Commodities (P) Ltd. has become the Subsidiary of Parent Company to provide a business platform to trade in Commodity market segment. The working nature of this Company is with full of dedication and trust.

Strength

Steel City is having memberships in National Level Exchanges of NSE, BSE, MSEI, ICEX, NCDEX and MCX for Stock, Derivative, Commodity and Currency segments. Our offices established at Remote Locations are in very economical model with dedicated services on 24/7 basis. All our offices are situated at prime business locations to attract our dedicated services and support. At every office location, organization has deployed sufficient and skilled manpower to render services to all classes of investors. Some of the office premises are owned by us to establish and spread our brand more strongly. The operational equipment at each office is well maintained to ensure the business continuity. The promotional activities carried on by our Company are intact and are on a continuous stream of education to create awareness for all types of business class, particularly younger generations. Focusing towards increase in customer base services offered includes Equity Trading, Derivatives, Commodities, Currency, Mutual Funds, Life Insurance, General Insurance, Health Insurance, IPO, Depository Services, e-Governance, Loans and Investment Advisory. Our business process and practices are best in the Broking Industry. We have policy based processes which are very accurate and protective to maintain the transparency. The brand "Steel City" means "Confidence as Strong as Steel".

Services

We are providing a trading platform of Capital Market, Futures & Options, Commodities and Currency Derivatives of NSE, BSE, MSEI, MCX, and NCDEX, TIN-FC of NSDL e- Governance includes e-TDS return statements, TAN, PAN, PAN Change request, TAN Change request, e-TCS Returns/Statements, E- sign Services, GST returns and Annual Information Return (AIR) and Form 24G. We also provide Margin Trading Facility for Stocks or derivatives traded on NSE and BSE. We provide Insurance Services by acting as Corporate agent of SBI Life Insurance, United India Insurance Company Limited and Religare Health Insurance Private Limited. We are committed to provide best services to our clients and are proud to disclose that there are no Investor Grievances received by the Company from its Clients. To provide best services to our Clients, Sub- Brokers and Authorised Persons, we have also made available a mobile trading app on the website of our Company (www.steelcitynettrade.com) to enable Customers to trade anywhere, anytime using their mobile. We have also introduced the online payment system for all online and offline Trading Clients. We have distribution of Mutual funds and IPO with smart advisory Team Members to reach every Potential Investor and to encourage their Investments and growth plans. We promote Pension Schemes through PFRDA for the Retirement Benefits of both Employees and Business People.

Business Network

We have foot print of more than 70 Branches and more than 5000 Authorised Persons and more than 8500 Franchisees across India with 1600+ Terminal Licenses being connected to the Central Location. We are proud to inform that we are having more than 2lakh Retail Clients. Our business is being extended to the remote locations where we have created awareness for all categories of Business People to plan their Investments in these growing Financial Markets of Equity, Derivatives,



Commodities and Currency and we are opening more and more Branches year after year in almost every State of our Country and are planning to acquire own premises for all the branches of the Company. Apart from this we also have Web Clients from both Equity and Commodity Market Segments. We have well experienced team to market our products and capture more clients of respective business segments.

1. **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Steel City Group activities are carried out in accordance with Good Corporate Practices and the Company is constantly striving to better them by adopting the best practices.

Corporate Governance is about commitment to values, ethical business conduct and about considering all Stakeholders' interest in conducting the Business. Your Company continues to lay great emphasis on the broad principles of Corporate Governance of the following:

The Company believes that good Corporate Governance Practices enable the Management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its Stakeholders.

The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a leading Share Broking Company in South India, while upholding the core values of transparency, integrity, honesty and accountability, which are fundamental to Steel City Group Companies.

2. **DIRECTORS & KEY MANAGERIAL PERSONNEL (KMP):**

i) As on 31.03.2019, the strength of the Board of Directors & Key Managerial Personnel is as follows:

Category	Name of Directors & Key Managerial Personnel	DIN/PAN	Designation
Promoter Executive	Sri Kamireddi Satyanarayana	00045387	Executive Chairman
Promoter Executive	Sri Satish Kumar Arya	00046156	Managing Director
Executive	Sri T. V. Srikanth	07992172	Director (IT)
Promoter Non-Executive	Smt. Guruv Vishnu Vandana	07548398	Director
Independent & Non-Executive	Sri Godithi Satya Rama Prasad	00045351	Director
Independent & Non-Executive	Sri Cherukuri Murali Krishna	00045403	Director
Independent & Non-Executive	Sri Malla Hara Jagannadha Rao	00045408	Director
Independent & Non-Executive	Sri Bheri Krishna Rao	00274709	Director
Key Managerial Personnel (KMP)	Sri Ramu Naraharasetti	ABWPN3817H	Chief Financial Officer
Key Managerial Personnel (KMP)	Smt. Srividya Movva	BPFPM9353B	Company Secretary



ii) MEETINGS OF THE BOARD & COMMITTEES:

- a) Total compliance of procedures relating to the Board Meetings and the meetings of the Committees thereof,
- b) The meetings are usually held at the Registered Office of the Company, and
- c) The Draft Minutes are circulated to the members of the Board/Committees for their comments and will be duly recorded in the concerned books.

a. MEETINGS OF THE BOARD OF DIRECTORS:

During FY 2018 -19, 9(Nine) Board Meetings were held. The details of Directors, their attendance at Board Meetings and at the previous Annual General Meeting of the Company are, given below.

Name of Directors	Category	Board Meetings Attended	Whether present at previous AGM held on September 1, 2018
Sri Kamireddi Satyanarayana	Executive Director	9	Yes
Sri Satish Kumar Arya	Executive Director	9	Yes
Sri. T. V. Srikanth	Executive Director	9	Yes
Smt. G. V. Vandana	Non- Executive	9	Yes
Sri G.Satya Rama Prasad	Non-Executive Independent	9	Yes
Sri Murali Krishna Cherukuri	Non - Executive Independent	9	Yes
Sri Malla Hara Jagannadha Rao	Non – Executive Independent	5	Yes
Sri Bheri Krishna Rao	Non – Executive Independent	9	Yes

3. Shareholding of Promoters and their Relatives (Promoter Group):

The following are the details of the Shares held by Promoters and their Relatives (Promoter Group) in the Company:

Sl No	Name of the Pomoter / Relative of Promoter	No. of Shares held	% of Shares held
1.	K. Satyanarayana	15,76,900	10.44
2.	Satish Kumar Arya	9,15,840	6.06
3.	G.V.Vandana	25,75,500	17.05
4.	G.Sirisha	24,43,731	16.18
5.	Steel City Financial Services Pvt. Ltd.	2,88,500	1.91
6.	K.S.V.Ramesh Babu	1,01,300	0.67
7.	K. Mahalakshmi	51,600	0.34
8.	K. Mrudula	14,400	0.09
9.	K.Geeta Vara Lakshmi	15,000	0.10
10.	Nirmala Devi	46,800	0.31
11.	Sachin Arya	800	0.01
12.	Suman Arya	1,600	0.01
13.	Alka Rajput	26,200	0.17
	Total	80,58,171	53.34



4. COMMITTEES OF THE BOARD:

Currently, the Board has Five Committees: the Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Internal Complaints Committee. All Committees, except the Corporate Social Responsibility Committee, Internal Complaints Committee, consist entirely of Independent Directors.

The composition of the Committees and compliances, as per the applicable provisions of the Act and Rules, are as follows:

Name of the committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Audit Committee	<ol style="list-style-type: none"> G.Satya Rama Prasad - Chairman Murali Krishna Cherukuri - Member Krishna Rao Bheri - Member 	<ol style="list-style-type: none"> The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company. Review and monitor the Auditor's independence and performance, and effectiveness of audit process Examination of the financial statement and the Auditors' Report thereon Approval or any subsequent modification of transactions of the Company with Related Parties Scrutiny of Inter-Corporate Loans and Investments
Nomination and Remuneration Committee	<ol style="list-style-type: none"> Murali Krishna Cherukuri - Chairman G. Satya Rama Prasad - Member Krishna Rao Bheri - Member 	<ol style="list-style-type: none"> The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully; Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and Remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals
Stakeholders relationship Committee	<ol style="list-style-type: none"> Murali Krishna Cherukuri - Chairman Satish Kumar Arya - Member Hara Jagannadha Rao Malla - Member T.V. Srikanth - Member 	<ol style="list-style-type: none"> The Committee reviews and ensures Redressal of Investor Grievances. The Committee noted that all the Grievances of the Investors have been resolved during the year.



Name of the committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Corporate Social Responsibility Committee	<ol style="list-style-type: none"> 1. Kamireddi Satyanarayana - Chairman 2. Satish Kumar Arya - Member 3. G.Satya Rama Prasad - Member 	<ol style="list-style-type: none"> 1. Recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII 2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and 3. Monitor the Corporate Social Responsibility Policy of the company from time to time.
Internal Compliants Committee	<ol style="list-style-type: none"> 1. G. V. Vandana - Chairperson 2. Satish Kumar Arya - Member 3. M. Srividya - Member 	<ol style="list-style-type: none"> 1. To act as Inquiry Authority on a complaint of sexual harassment. 2. To ensure that complainant and witnesses are not victimized or discriminated because of their complaint. 3. To ensure that all conflicts of interest are managed appropriately.

5. EMPLOYEES:

Continuous Employee Training Programs including seminars were conducted for upgrading their skills and knowledge in their respective areas.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company including Subsidiaries has an adequate Internal Control System designed to ensure operational efficiency, protection, conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board & to the Chairman of the Company.

The Internal Control System is supported by an Internal Audit Process for reviewing the adequacy and efficiency of the Company’s internal controls, including its systems, processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the Management and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company.

An internal team of inspection also regularly visits branches for ensuring regulatory compliance. Post audit reviews are also carried out to ensure follow up on the observations made.

7. CREDIT RATING:

During the year under review, Rating Agencies reaffirmed/issued ratings to SCSL, as under: CRISIL: CRISIL SME Rating: SME - 2, It Indicates “High” level of Credit worthiness adjudged in relation to other SMEs

8. CLIENTS:

Client Satisfaction is our number one goal. We strive for 100% Client Satisfaction with everyone who comes in and out of our building.



9. OTHER STAKEHOLDERS:

The Company is always concerned about Clients, Franchisers, Customers, Suppliers, Competitors, Creditors and Local Community and strives to meet all expectations reasonably.

10. SOCIETY:

The Company is pro active towards Corporate Social Responsibility since the date of its incorporation.

11. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

Pursuant to the provision of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has spent an amount of Rs. 18,89,506.00 on CSR activities during the Financial Year 2018-19.

12. CORPORATE AFFAIRS & VISION:

The Company has been continuing effectively the best Corporate Affairs with the following:

- a) Advanced Planning Techniques and strategic supervision by the Board of Directors;
- b) Excellent co-ordination at all levels of management to achieve the tasks;
- c) Immediate attention towards Customers' requirements and public relations;
- d) Cautious approach in operations, rendering services efficiently and effectively to the clients;
- e) Adequate response towards socio-economic responsibilities;
- f) Focus on protecting the safety of the clients and the employees;
- g) To design the standards, policies, procedures and best practices in addition to the existing policies;
- h) To grow the Company and to generate long term Business results and expanding market presence;
- i) To retain the talented and dedicated Employees and implementing the best Administrative Manual;
- j) The vision is clear that SCSL will become the best performing and most respected Stock Broking Company in India, and
- k) The regular interaction with the Clients, Franchises, Branches, Employees encourage them to familiarize themselves with SCSL and helped the brand name STEEL CITY.

13. GENERAL SHAREHOLDER INFORMATION:

- a) Annual General Meeting:
Date : 14th September, 2019
Time : 11:45 a.m.
Venue : Fortune Inn Sree Kanya, Member ITC's Hotel Group,
47-10-34 & 35, Dwarakanagar, Diamond Park, Sree Kanya Road,
Visakhapatnam - 530016, Andhra Pradesh, India.
- b) Financial Year : 2018-19
- c) Name and Address of the Stock Exchange where the Shares are listed:
National Stock Exchange of India Limited
Exchange Plaza, Plot No: C1, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400051



14. DISCLOSURES:

- a) The related party details are disclosed in the notes to financial statements. The Register of Contracts containing the transactions in which Directors are interested is regularly placed before the Board for its approval.
- b) During the last three years, there were no strictures or penalties imposed either by Securities and Exchange Board of India or the Stock Exchange or any Regulatory Authority for non-compliance of any matter related to the Capital Market.
- c) To the extent possible, the Company has complied with the mandatory requirement of this clause.
- d) The Company has complied with all applicable Accounting Standards in preparation of its financial statements pursuant to the amended Schedule III of Companies Act, 2013.
- e) Complied with the various statutory provisions and submitted the required information to the concerned authorities relating to the business affairs of the Company from time to time.

15. REGISTRAR AND SHARE TRANSFER SYSTEM & AGENTS:

M/s. Bigshare Services Private Limited, Mumbai continue to act as Registrar and Share Transfer agent to take care of the works relating to physical shares and electronic connectivity and other D-Mat related services.

Address:

Bigshare Services Private Limited,
1st Floor , Bhart Tin Works Building,
Opp. Vasant Oasis Apartments
(Next to Keys Hotels), Marol maroshi Road,
Andheri (E), Mumbai - 400059.
Phone : 040 - 23374967
Fax : 040 – 23370295
E-Mail : bsshyd@bigshareonline.com
Website : www.bigshareonline.com

16. ADDRESS FOR CORRESPONDENCE:

Steel City Securities Limited
49-52-5/4, Shantipuram,
Visakhapatnam – 530016.
Andhra Pradesh, India
Phone : 0891-2796984/2720234
Fax : 0891-2720135 / 2762586
E-Mail : scsl@steelcitynettrade.com
Website : www.steelcitynettrade.com
CIN : L67120AP1995PLC019521



Auditor's Certificate

Auditor's Certificate on Compliance with Conditions of Corporate Governance requirements under SEBI(LODR) Regulations, 2015.

To

**The Members of
Steel City Securities Limited
Visakhapatnam.**

We have examined the compliance of conditions of Corporate Governance by M/s. Steel City Securities Limited ("the Company") for the year ended on 31st March, 2019 as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the Company with National Stock Exchange of India Limited.

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, pursuant to the Listing Agreement of the Company with National Stock Exchange of India Limited.

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

For ASN Associates

Place: Visakhapatnam
Date: 29.05.2019

K. Surendra
Mem No: A34205
CP No: 12732



ANNEXURE - 4

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:

During the year under review and nature of activities which are being carried on by your Company, the particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013 read with Companies' (Accounts) Rules, 2014 regarding Conservation of Energy, Technology Absorption, are not applicable to the Company. However, the Company has access regarding Conservation of Energy and Technology Absorption, wherever it is applicable.

(b) TECHNOLOGY ABSORPTION:

Not Applicable.

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the period under review, the Company has not earned any Foreign Exchange and also not incurred any expenditure in Foreign Exchange.

Particulars	2018-19	2017-18
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	Nil

For Steel City Securities Limited

Date : 29.05.2019
Place: Visakhapatnam

K. Satyanarayana
Executive Chairman
(DIN: 00045387)

Satish Kumar Arya
Managing Director
(DIN: 00046156)



Annexure - 5

Annual Report on Corporate Social Responsibility (CSR)

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

Over the years, we have been focusing on sustainable business practices encompassing economic, environmental and social imperatives that not only cover our business, but also that of the communities around us. Our Corporate Social Responsibility (CSR), thus, is not limited to philanthropy, but also includes large initiatives that lead to social development.

REPORTING :

The period for which CSR is being reported is from 01/04/2018 to 31/03/2019. It does not include any information about subsidiary company or any other entity(s). The Company has its own CSR policy.

During the year under review the Company has been carrying out the CSR activities through its own and as per the guidelines laid down in the CSR policy of the Company.

The Company has a Board Committee (CSR committee) that provides oversight of CSR policy execution to ensure that the CSR objectives of the Company are met. The CSR committee comprises of:

1. Sri K. Satyanarayana.
2. Sri Satish Kumar Arya.
3. Sri G.Satya Rama Prasad.

The below table itself is self explanatory of the amount to be spent and the amount spent by the Company on various CSR activities:

SNo.	Particulars	Rs.	Rs.
1.	Amount to be spent on CSR Activites		18,89,505.50
2.	Amount unspent during the F. Y. 2017-18		0.00
3.	Less: Details of CSR spent during the financial year 2018-19.		
	(i) Amount donated to GVMC Sweekaram Educational Society.	(5,00,000.00)	
	(ii) Amount donated to The Akshya Patra Foundation	(2,00,000.00)	
	(iii) Amount donated to Lebenshilfe	(2,00,000.00)	
	(iv) Amount Transferred to Prime Minister National Relief Fund	(9,89,506.00)	(18,89,506.00)
	Balance Unspent amount as on 31.03.2019		NIL

For Steel City Securities Limited

Date : 29.05.2019
Place: Visakhapatnam

K. Satyanarayana
Chairman of the Committee
(DIN: 00045387)

Satish Kumar Arya
Managing Director
(DIN: 00046156)



ANNEXURE - 6

Statement of Particulars of Employees Pursuant to provisions of Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Employed throughout the Financial Year 2018-19

There were no employees receiving remuneration in the aggregate, more than Sixty Lakhs Rupees in the Company during the Financial Year.

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19, and the comparison of the remuneration to Key Managerial Personnel(KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP and Designation	Remuneration of Director/ KMP for the financial year 2018-19 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2018-19	Ratio of Remuneration of each Director/ KMP to median Employees
1.	K. Satyanarayana, Executive Chairman	33.00	6.45	12.96
2.	Satish Kumar Arya, Managing Director	30.00	15.38	14.25
3.	T. V. Srikanth, Director (IT)	15.00	NA	6.48
4.	N. Ramu, Chief Financial Officer	12.13	17.42	5.24
5.	M. Srividya, Company Secretary	5.89	10.71	2.55

- i. The Median remuneration of Employees of the Company during the Financial Year was Rs.2,31,535/- .
- ii. The Percentage increase in the Median remuneration of employees for the Financial Year is Rs. 17,423/- is 12.35%.
- iii. In the financial year, there was an increase of Rs. 17,423/- p.a.in the median remuneration of employees.
- iv. There were 358 permanent employees on the rolls and 66 probationers working with the Company as on 31st March, 2019.
- vi. Average percentile increase made in the salaries of employees other than the managerial Personnel in the financial year 2018-19 was 16.13%, whereas there is a decrease of Rs. 1,92,200/- in the managerial remuneration for the same financial year. The increase in remuneration was in line with the performance of the Company, industrial standards and individual employee performance.

vii. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration paid is as per the Nomination and Remuneration policy of the Company.



**Annexure - 7
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on the financial year ended on 31st March 2019

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.]

I REGISTRATION & OTHER DETAILS:

(i)	Corporate Identification Number (CIN):	L67120AP1995PLC019521
(ii)	Registration Date:	22/02/1995
(iii)	Name of the Company:	STEEL CITY SECURITIES LIMITED
(iv)	Category of Company: Sub-category of Company:	PUBLIC COMPANY LIMITED BY SHARES
(v)	Registered office:	49-52-5/4, SHANTHIPURAM, VISAKHAPATNAM, ANDHRA PRADESH – 530016 Ph: 0891-2796984/ 2720234/ 2549681 Fax: 0891-2720135/2762586 E-mail: ramu.n@steelcitynettrade.com Website: www.steelcitynettrade.com
(vi)	Whether Listed Company:	Yes
(vii)	Name, Address and Contact details of Registrar and Transfer Agent:	M/s. Bigshare Services Private Limited 1st Floor, Bhart Tin Works Building, Opp. Vasant Oasis Apartments (Next to Keys Hostels) Marol maroshi Road, Andheri (E), Mumbai-400059. Ph: 040 - 23374967 Fax: 040- 27632184 E-mail: bsshyd@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to Total Turnover of the Company
1.	Shares & Stock Broking	4907	34.12
2.	E-Governance	4907	61.48
3.	Other Income	4907	4.40

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary / Associate
1.	Steel City Commodities Private Limited	U51399AP2002PTC039727	Wholly Owned Subsidiary
2.	Steel City Financial Services Private Limited	U65921AP1997PTC026158	Associate



IV. SHARE HOLDING PATTERN:

(Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter & Promoter Group									
(1) Indian									
a) Individual/ HUF	77,89,471	—	77,89,471	51.56	77,69,671	—	77,69,671	51.43	(0.13)
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	7,98,500	—	7,98,500	5.29	2,88,500	—	2,88,500	1.91	(3.38)
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter & Promoter Group (A)	85,87,971	—	85,87,971	56.85	80,58,171	—	80,58,171	53.34	(3.51)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	—	—	—	—	—	—	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) Foreign Portfolio Investors	22000	—	22000	0.15	22000	—	22000	0.15	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	22000	—	22000	0.15	22000	—	22000	0.15	—
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	12,47,006	—	12,47,006	8.25	18,07,920	—	18,07,920	11.97	3.72
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals									



Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2018]				No. of Shares held at the end of the year[As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 2 Lakh	27,97,278	2,20,600	30,17,878	19.97	27,87,908	1,69,300	29,57,208	19.57	(0.13)
ii) Individual shareholders holding nominal share capital in excess of Rs 2 Lakh	20,33,840	—	20,33,840	13.46	20,26,881	—	20,26,881	13.42	(1.21)
c) Others (specify)	—	—	—	—	—	—	—	—	—
Non Resident Indians	94,400	—	94,400	0.62	1,00,400	—	1,00,400	0.66	0.04
IEPF	—	—	—	—	62,500	-	62,500	0.41	0.41
Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
Foreign Nationals	—	—	—	—	—	—	—	—	—
Clearing Members	1,04,000	-	1,04,000	0.68	72,015	-	72,015	0.48	(0.20)
Trusts	—	—	—	—	—	—	—	—	—
Foreign Bodies - D R	—	—	—	—	—	—	—	—	—
Sub-total (B)(2):-	62,54,524	2,20,600	64,75,124	43.01	68,57,624	1,69,300	64,97,124	43.01	(2.31)
Total Public Shareholding (B)=(B)(1)+ (B)(2)	62,76,524	2,20,600	64,97,124	43.15	68,79,624	1,69,300	64,97,124	43.01	(2.31)
C. Shares held by Custodian for GDRs & ADRs	—	—	—	—	—	—	—	—	—
Grand Total (A+B+C)	1,48,86,495	2,20,600	1,51,07,095	100%	1,49,37,795	1,69,300	1,51,07,095	100%	—

(ii) Shareholding of Promoter:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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	
1	K. Satyanarayana	15,76,900	10.44	0	15,76,900	10.44	0	-
2	Satish Kumar Arya	8,15,840	5.40	0	9,15,840	6.06	0	0.66
3	G. V. Vandana	25,75,500	17.05	0	25,75,500	17.05	0	-
4	G Sirisha	25,93,731	17.17	0	24,43,731	16.18	0	(0.99)
	Total	26,68,140	50.06	0	75,61,971	49.73	0	(0.33)



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

S.No.	Particulars	Share holding at the beginning of the year		Share holding at the End of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Satish Kumar Arya	8,15,840	5.40	9,15,840	6.06
2.	Guruvu Sirisha	25,93,731	17.17	24,43,731	16.18

(iv) Shareholding Pattern of top ten Shareholders:

(other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	For Each of the Top 10 Share Holders	Shareholding at the beginning of the year		Shareholding at the End of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Adesh Ventures LLP	5,48,000	3.62	8,48,000	5.61
2	Steel City Securities Limited	1,86,606	1.24	5,05,099	3.34
3	Steel City Financial Services Private Limited	7,98,500	5.29	2,88,500	1.91
4	T. Appa Rao	2,82,000	1.87	2,82,000	1.87
5	Manoj Kumar Goel	2,00,000	1.32	1,98,000	1.31
6	Keynote Capitals Ltd	1,58,000	1.04	1,58,000	1.04
7	Adigarla Satyanarayana	0	0	1,48,000	0.97
8	Guduru Raja Gopal Reddy	2,25,000	1.49	1,05,000	0.70
9	R. B. K. Share Broking LTD.	1,02,000	0.68	1,02,000	0.68
10	K S V Ramesh Babu	1,01,300	0.67	1,01,300	0.67

(v) Shareholding of Directors and Key Managerial Personnel:

S.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the End of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	K. Satyanarayana	15,76,900	10.44	15,76,900	10.44
2.	Satish Kumar Arya	8,15,840	5.40	9,15,840	6.06
3	G. Satya Rama Prasad	400	0.01	400	0.01
4.	M. H. Jagannadha Rao	10,400	0.07	10,400	0.07
5.	B. Krishna Rao	41,728	0.27	43,713	0.29
6.	G. V. Vandana	25,75,500	17.05	25,75,500	17.05
7.	N. Ramu	47,428	0.31	47,428	0.31



V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Indebtedness at the beginning of the financial year				
i)	Principal Amount	3,12,175	-	-	3,12,175
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	3,12,175	-	-	3,12,175
	Change in Indebtedness during the financial year				
	* Addition	11,48,976	-	-	11,48,976
	* Reduction	(2,77,508)	-	-	(2,77,508)
	Net Change	8,71,468	-	-	8,71,468
	Indebtedness at the end of the financial year				
i)	Principal Amount	11,83,643	-	-	11,83,643
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	11,83,643	-	-	11,83,643

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No.	Particulars of Remuneration	K. Satyanarayana (Executive Chairman)	Satish Kumar Arya (Managing Director)	T.V. Srikanth (Whole Time Director)	Total Amount
1	Gross salary	33,00,000	30,00,000	15,00,000	78,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission- as % of profit- others, specify...	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)	33,00,000	30,00,000	15,00,000	78,00,000
	Ceiling as per the Act	N. A.	N. A.	N. A.	N. A.



B. Remuneration to other Directors:

S. No.	Particulars of Remuneration	G. Satya Rama Prasad	Ch. Murali Krishna	M. H. Jagannadha Rao	B. Krishna Rao	G. V. Vandana	Total Amount Rs.
1	Independent Directors						
	Fee for attending Board Committee meetings	40,000	40,000	40,000	40,000	-	1,60,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	40,000	40,000	40,000	40,000	-	1,60,000
2	Other Non-Executive Directors						
	Fee for attending Board Committee meetings	-	-	-	-	40,000	40,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	40,000	40,000
	Total (B)=(1+2)	40,000	40,000	40,000	40,000	40,000	2,00,000
	Total Managerial Remuneration	40,000	40,000	40,000	40,000	40,000	2,00,000
	Overall Ceiling as per the Act	NA	NA	NA	NA	NA	NA

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

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
1	Gross salary	12,13,500	5,89,500	18,03,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	0	0
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total	12,13,500	5,89,500	18,03,000



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					



Annexure - 8
Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M/s Steel City Securities Limited
49-52-5/4, Sankarmatam Road,
Shantipuram,
Visakhapatnam – 530 016,
Andhra Pradesh, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s Steel City Securities Limited (CIN: L67120AP1995PLC019521) (here-in-after called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2019, complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s Steel City Securities Limited for the Financial Year ended on 31st March, 2019 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the Rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made there under;
 - (iii) The Depositories Act, 1996 and the Regulations 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'):-
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;



- d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 and the Listing Agreements entered into by the Company with the Stock Exchanges;
- e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – *Not applicable as the Company has not issued any Employee Stock Option Scheme;*
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - *Not applicable as the Company has not issued any debt securities during the financial year under review;*
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - *Not applicable*
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - *Not applicable* and
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - *Not applicable as the Company did not buy back its equity shares during the financial year under review;*

2. We are of the opinion that the Management has complied with the following Laws specifically applicable to the Company:

- (a) The Payment of Wages Act, 1936
- (b) The Minimum Wages Act, 1948
- (c) Employees Provident Funds and Miscellaneous Provisions Act, 1952
- (d) The Payment of Bonus Act, 1965
- (e) The Payment of Gratuity Act, 1972
- (f) The Contract Labour (Regulation & Abolition) Act, 1970
- (g) The Child Labour (Prohibition & Regulation) Act, 1986
- (h) The Industrial Employment (Standing Order) Act, 1946
- (i) The Employee Compensation Act, 1923
- (j) Information Technology Act, 2000 and the Rules made there under

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

- ❖ Secretarial Standards issued by The Institute of Company Secretaries of India.

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

- ❖ Few Forms were filed with additional fees, this should be reported as deemed compliance by reference of payment of additional fees.

We further report that:

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notices given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least Seven Days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda Items before the meeting and for meaningful participation at the meeting.



- c) As per the Minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.
 - d) We report that there is scope to improve the systems and processes in the Company to be commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
 - e) We further report that the Company has complied with the requirements under the Equity Listing Agreements entered into with NSE Limited except that the exchange has levied for the first time a penalty of Rs. 3000/- plus GST for delayed compliance with regard to regulation 13(3) of SEBI (LODR) Regulations for a period of 3 days for the quarter ended 31st December, 2018 and the Company assures to strictly comply with the same next time;
4. We have relied on the representation made by the Company and its Officers for systems and mechanisms formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

For ASN Associates
Company Secretaries

K Surendra
Partner
ACS No.: 34205
C P No.: 12732

Place: Visakhapatnam
Date: 29.05.2019

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



ANNEXURE - A

To,

The Members,

M/s Steel City Securities Limited

49-52-5/4, Sankarmatam Road,

Shantipuram,

Visakhapatnam – 530 016,

Andhra Pradesh, India

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

1. Maintenance of Secretarial Record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. The Compliance by the Company of applicable financial laws like Direct and Indirect Tax Laws and maintenance of financial record and books of accounts have not been reviewed in this audit since the same have been subject to review by Statutory Financial Audit and other designated professionals.
4. Wherever required, we have obtained the Management representation about the compliance of Laws, Rules and Regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable Laws, Rules, Regulations, Standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

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

For ASN Associates

Company Secretaries

K Surendra

Partner

ACS No.: 34205

C P No.: 12732

Place: Visakhapatnam

Date: 29.05.2019



Annexure - 9

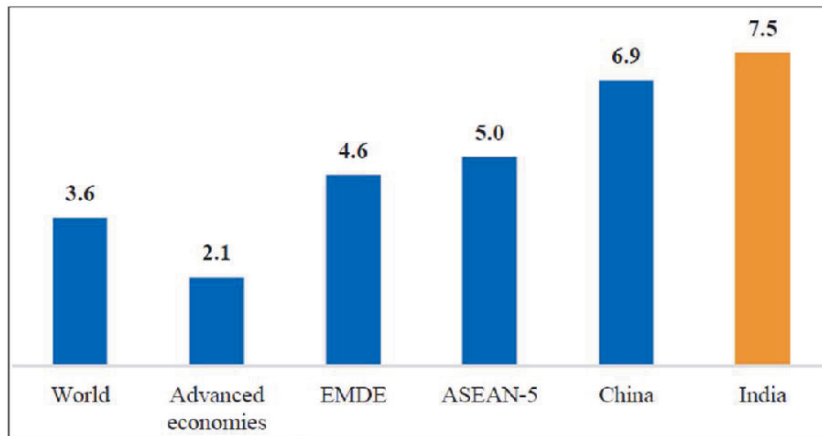
MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

After a stellar 2017, global economic activity has begun to weaken towards the second half of 2018. This trend has emerged from the escalation of US–China trade tensions, sluggish performance by large economies in Europe and Asia (Germany, Italy and China) and the overall weakening of financial market sentiments. As per the latest IMF’s World Economic Outlook Report - April 2019, world economic growth which peaked at close to 4 percent in 2017, softened to 3.6 percent in 2018, and is projected to decline further to 3.3 percent in 2019, before recovering again to 3.6% in 2020.

The International Monetary Fund’s (IMF) January World Economy Outlook update said India would remain the fastest growing major economies of the world. “India’s economy is poised to pick up in 2019, benefiting from lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease,” the IMF said. IMF has projected growth to pick up to 7.3% in 2019-20 and 7.5% in 2020-21, supported by the continued implementation of structural reforms, easing of infrastructure bottlenecks and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. India’s gross domestic product (GDP) is expected to reach US\$ 6 trillion by FY27 and achieve upper-middle income status on the back of digitization, globalization, favorable demographics, and reforms. India’s growth momentum has also declined during last year from an impressive 8.2% in FY17 to 7% in FY19 with an overall slowdown in both domestic and deteriorating global environment. Apart from the declining economic activity, other major concerns for India’s growth prospects emerge from the financial sector’s asset quality issues and continued slowdown in private corporate capital expenditure.

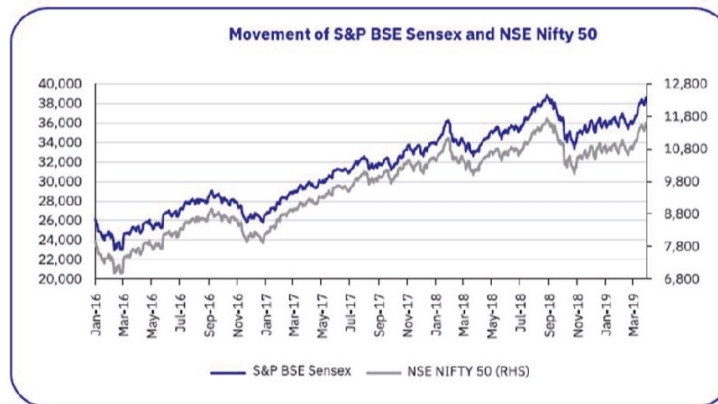
Growth of GDP in India and the world



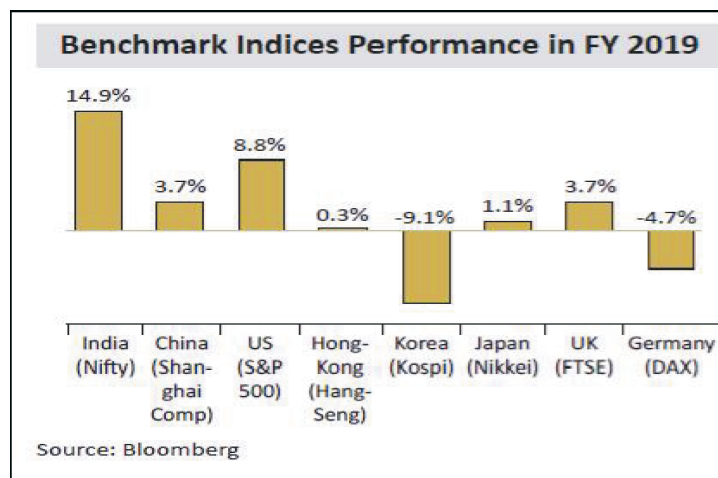
Source: World Economic Outlook, April 2019, IMF

Note: (1). EMDE – Emerging Market and Developing Economies; (2). ASEAN-5 composed of 5 countries: Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

In contrast, Indian securities market outperformed major peers in 2018 on several parameters such as returns and major index volatility. During Apr-Mar’19, both S&P BSE Sensex and NSE Nifty 50 moved up by 17% and 15%, whereas MSCI emerging market indices declined by 10% and MSCI World increased by merely 2%.



Source: NSE and BSE.



Source: Bloomberg

Future Outlook

Calendar 2019 will have several pulls and pushes. India with its relatively insulated economy is well placed. Broader market opportunities are huge, when inflation is low; interest rates stable and input cost pressures are low (All of these ingredients are present today). A significant improvement in Ease of Doing Business ranking for India, the digital economy and GST are improving efficiencies and creating possibilities of a higher growth rate with lower inflation. Any improvement in trade tensions between china and US will be an added positive. Overall India is well placed in global context.

Key risks for 2019 include

- ❖ Trade war tensions between US and China
- ❖ Higher crude oil prices (than expected)

STRENGTHS

The following are the Strengths that Your Company Possess:

- ❖ **Human resources**

Since foundation of this organization, whoever has taken part to develop this organization is very dynamic in their professional outlook. Our Board has mentored and developed the skill-set of each employee to



suit our business environment. Each employee of this organization is very dedicated and trustworthy to deliver qualitative work output in any functional operations. Our Board of Directors are very strong in maintaining the equilibrium at market competition in all aspects. Our organization has always retained the employee's morale and never encouraged lay-offs or shutting the business establishments at any market conditions in the past and even in future.

❖ **Physical resources**

Our offices established at remote locations are in very economical model with dedicated services on 24/7 basis. All our offices are situated at prime business locations to attract our dedicated services and support. At every office location, organization has deployed sufficient and skilled manpower to render services to all classes of investors. Some of the office premises are owned by us to establish and spread our brand more strongly. The operational equipment at each office is well maintained to ensure the business continuity.

❖ **Financial Resources**

We are financially strong and debt free company. Our business volumes, various markets products and customer strength are at par with other leading Broking Companies. We have good rapport with all leading nationalized banks to avail banking facilities and services 24/7 basis for our customer base. Our brand and market goodwill is the actual strength to enable us to approach any nationalized banks to avail the financial resources as per the business operational demands.

❖ **Activities and processes**

Our business promotional activities are intact and it is a continuous stream of education to create awareness for all types of business class, particularly younger generations. Focusing towards increase in customer base services offered includes Equity Trading, Derivatives, Commodities, Currency, Mutual Funds, Life Insurance, General Insurance, Health Insurance, IPO, Depository Services, e-Governance, Loans and Investment Advisory. Our business process and practices are best in the broking industry. We have policy based processes which are very accurate and protective to maintain the transparency.

❖ **Past experience**

Since December 1995 to till date, our organization has crossed many mile stones with high success rate. Comparing with earlier days the broking industry has seen phenomenal changes in its behavior, procedures and communication. The refining process of legacy systems and procedures into present market practices is really great effort and intelligence being sacrificed by our Board of Directors. From past to present times, our organization is a leading broking firm in southern parts of India. This is our market good-will and stands for ever.

Opportunities

Broaden and deepen geographical presence

- ❖ Expand distribution networks in the Northern and Western market of India
- ❖ Plans to set up over 10,000 E-governance centers by FY19

Extension of service offerings

- ❖ Focus on augmenting product line under the e-governance segment with emphasis on NPS promotion. Leveraging its TIN centers for distribution of third party products ie. Loans, mutual funds, insurance schemes and IPO's.



- ❖ Offering management services and margin funding
- ❖ Integration of TIN centers for rendering financial services while leveraging e-governance database to tap new customer base

Threats

Swiftness in government policies

- ❖ The company's business is dependent on government policies towards financial inclusion and the speed of implementation. Thus, any change in the policy framework and restrictions on the transaction may affect the profitability of business.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that all transactions are properly authorized recorded and reported correctly. Further, the internal control system is designed to ensure that all the financial and other records are reliable for preparing financial statements and for maintaining accountability of the assets. On the basis of the appraisal, potential risks are identified and preventive measures are initiated depending on the perceived gravity of the risk.



CEO AND CFO CERTIFICATION

To

The Board of Directors
Steel City Securities Limited
Visakhapatnam

Dear Members of the Board,

We have reviewed the Financial Statements and the cash flow statement of Steel City Securities Limited for the year ended 31st March, 2019 and to the best of our knowledge and belief:

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the Company's internal control systems pertaining to financial reporting and we have not come across any reportable deficiencies in the design or operation of such internal controls. We have indicated to the Auditors and the Audit Committee:

- (i) that there are no significant changes in internal control over financial reporting during the year;
- (ii) that there are no significant changes in accounting policies during the year; and
- (iii) that there are no instances of significant fraud of which we have become aware.

For Steel City Securities Limited

Place: Visakhapatnam
Date : 29.05.2019

Satish Kumar Arya
Managing Director

N. Ramu
Chief Financial Officer

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the Members of Steel City Securities Limited

I hereby declare that all the Members of the Board and Senior Management Personnel of the Company are aware of the provisions of the Code of Conduct laid down by the Board. All the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

Place: Visakhapatnam
Date: 29.05.2019

For Steel City Securities Limited

Satish Kumar Arya
Managing Director
(DIN: 00046156)



Independent Auditor's Report

To the Members of **Steel City Securities Limited**

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone financial statements of **STEEL CITY SECURITIES LIMITED** ("**the Company**") which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Evaluation of uncertain Tax Positions (Indirect Tax)

The Company has material uncertain tax positions (Indirect Tax) including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.

Auditor's Responses

Principal Audit Procedures

Obtained details of completed orders, Show-cause-notices and Demands as at 31st March, 2019 from the Management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. Our internal experts also considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.



We have not come across any other matters to be considered as key matters to be communicated in our report.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act, read with Rules 7 of the Companies (Accounts) Rules 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- ❖ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ❖ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management



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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable
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 purpose 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 and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid (Standalone) financial statements comply with the Accounting Standards specified under section 133 of the Act, as applicable.
 - e. On the basis of written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.



- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure B**". Our Report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial control over financial reporting.
- 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:
 - a. The Company does not have any pending litigations which would impact its financial position
 - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: VISAKHAPATNAM
Date: 29.05.2019

For SARC & ASSOCIATES
Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA
(Partner)
Membership No. :206704



“ANNEXURE A” TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2019:

- 1)
 - (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 in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies between the books of account and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- 2) The nature of business of the Company does not require it to have any inventory. Hence the required Clause '2' is not applicable to the Company.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- 7)
 - (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, GST, Duty of Customs, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us, there are no dues of sales tax, GST, duty of customs, duty of excise, value added tax outstanding on account of any dispute. However, according to information and explanations given to us, the following dues of service tax have not been deposited by the Company on account of disputes:



Name of the statute	Nature of dues	Amount in Rs.	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax and interest	1,39,66,673	FY 2015-2016	Appeal to be filed before the commissioner of Central Excise & Service tax (Visakhapatnam)
Finance Act 1994	Service tax and interest	1,45,12,015	FY 2011-2012 to FY 2015-2016	Commissioner of Central Excise & Service tax (Visakhapatnam)
Finance Act, 1994	Service tax and interest	4,49,08,946	FY 2012-2013 to FY 2014-2015	CESTAT, Hyderabad

- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of the Order are not applicable to the Company.
- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of the Order are not applicable to the Company and hence not commented upon.



- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of Section 192 of the Act are not applicable.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause (xvi) of the Order are not applicable to the Company and hence not commented upon.

For SARC & ASSOCIATES
Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA
(Partner)
Membership No. :206704

Place: VISAKHAPATNAM
Date: 29.05.2019



"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Steel City Securities Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of STEEL CITY SECURITIES LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The 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 company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the



maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For SARC & ASSOCIATES

Chartered Accountants

FRN:006085N

CHANDRA SEKHAR AKULA

(Partner)

Membership No. :206704

Place: VISAKHAPATNAM

Date: 29.05.2019



STANDALONE BALANCE SHEET AS AT 31st MARCH 2019

	Note No	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
a) Share Capital	3	15,10,70,950.00	15,10,70,950.00
b) Reserves and Surplus	4	57,44,95,442.82	53,33,34,555.19
2. Non- Current Liabilities			
a) Long-term borrowings	5	11,83,643.00	3,12,175.00
b) Deferred tax liabilities (net)	6	0.00	0.00
3. Current Liabilities			
a) Short-term borrowings	7	0.00	0.00
b) Trade Payables	8	25,98,86,783.67	26,12,71,501.90
c) Other Current Liabilities	9	24,01,68,486.11	24,40,11,462.50
d) Short-term Provisions	10	4,77,60,961.50	5,26,53,368.50
Total		1,27,45,66,267.10	1,24,26,54,013.09
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
i) Tangible Assets	11	3,96,89,612.56	4,16,50,192.94
ii) Intangible Assets	12	17,45,503.93	33,42,108.06
(b) Non Current Investments	13	7,07,61,796.55	4,55,24,030.31
(c) Deferred tax Asset (net)	14	27,93,288.79	17,09,404.82
(d) Long term Loans and Advances	15	7,52,59,137.64	10,20,75,445.00
(e) Other Non-current Assets	16	3,62,37,490.73	7,69,24,617.75
2. Current Assets			
(a) Trade Receivables	17	47,44,72,137.94	52,00,69,833.62
(b) Cash and Cash Equivalents	18	50,16,42,485.94	42,47,99,011.36
(c) Short-term loans and advances	19	1,62,93,933.86	1,45,80,364.40
(d) Other Current Assets	20	5,56,70,879.15	1,19,79,004.83
Total		1,27,45,66,267.10	1,24,26,54,013.09
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached
For SARC & ASSOCIATES
 Chartered Accountants
 Firm Reg.No.006085N

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
 Partner
 Membership No.206704

K SATYANARAYANA
 EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
 MANAGING DIRECTOR

G S R PRASAD
 DIRECTOR

PLACE: VISAKHAPATNAM
 DATE : 29.05.2019

N RAMU
 CHIEF FINANCIAL OFFICER

M SRIVIDYA
 COMPANY SECRETARY



**STANDALONE STATEMENT OF PROFIT AND LOSS FOR
THE PERIOD ENDED 31st MARCH 2019**

	Note No	Year Ended 31-Mar-19 Rs.	Year Ended 31-Mar-18 Rs.
I. Revenue from Operations	21	58,78,03,448.71	61,64,55,005.56
II. Other Income	22	2,70,52,046.31	1,97,11,893.18
III. Total Revenue (I+II)		61,48,55,495.02	63,61,66,898.74
IV. Expenses			
Expenditure on Trading Operations	23	67,43,692.19	1,15,93,789.98
Employee benefits expense	24	9,97,58,512.90	8,88,84,114.60
Finance Costs	25	31,05,432.75	36,14,830.47
Depreciation and amortisation expense	11 & 12	92,70,687.53	86,27,809.94
Other expenses	26	36,64,42,121.80	36,62,62,366.13
Loss/(profit) on Sale of Assets		-	-
Total Expenses		48,53,20,447.17	47,89,82,911.12
V. Profit before tax (III-IV)		12,95,35,047.85	15,71,83,987.62
VI. Tax Expense			
1) Current Tax		3,86,54,760.00	4,39,53,550.00
2) Tax relating to prior years		52,72,276.70	22,83,028.80
3) Deferred tax		(10,83,883.97)	1,61,014.16
Total Tax Expenses		4,28,43,152.73	4,63,97,592.96
VII. Profit for the year (V-VI)		8,66,91,895.12	11,07,86,394.66
VIII. Earnings per share (of Rs.10/- each)	27		
a) Basic		5.74	7.33
b) Diluted		5.74	7.33
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached
For SARC & ASSOCIATES
Chartered Accountants
Firm Reg.No.006085N

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2019

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2019

	Year Ended 31-Mar-19 Rs.	Year Ended 31-Mar-18 Rs.
A. Cash flow from Operating Activities		
Net Profit Before Tax	12,95,35,047.85	15,71,83,987.62
Adjustment for:		
Depreciation and amortization expense	92,70,687.53	86,27,809.94
Finance Costs	31,05,432.75	36,14,830.47
Interest Income	(2,14,82,276.14)	(1,63,85,095.16)
Dividend Income	(2,49,337.50)	(17,34,516.00)
Loss/(profit) on Sale of Fixed assets (net)	-	-
Operating Profit before Working Capital Changes	12,01,79,554.49	15,13,07,016.87
Trade Receivables	4,55,97,695.68	62,47,313.68
Other Receivables	(4,54,05,443.78)	(1,16,49,256.02)
Other Assets	6,75,03,434.38	(7,63,26,020.99)
Trade Payables	(13,84,718.23)	2,45,40,827.32
Other Payables & Provisions	(57,05,107.69)	14,88,00,679.02
Change in Working Capital	6,06,05,860.36	9,16,13,543.01
Cash generated from Operations	18,07,85,414.85	24,29,20,559.88
Income tax paid	(4,69,57,312.40)	(4,39,68,064.50)
Net Cash generated from Operating Activities	13,38,28,102.45	19,89,52,495.38
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(57,13,503.02)	(1,31,17,698.26)
Proceeds from Sale of Fixed Assets	-	-
Proceeds from Issue of Additional Capital	-	-
Proceeds from Sale/(purchase) of Investments	(2,52,37,766.24)	307.69
Income from Investments	2,49,337.50	17,34,516.00
Interest Received	2,14,82,276.14	1,63,85,095.16
Net cash used in investing activities	(92,19,655.62)	50,02,220.59
C. Cash flow from Financing Activities		
Interest paid	(31,05,432.75)	(36,14,830.47)
Proceeds from borrowings	-	-
Repayment of borrowings	8,71,468.00	(96,248.00)
Dividend paid including tax on dividend	(4,55,31,007.50)	(4,51,15,799.50)
Net cash used in Financing activities	(4,77,64,972.25)	(4,88,26,877.97)
D. Net Increase / (Decrease) in Cash & Cash Equivalents	7,68,43,474.58	15,51,27,838.00
E. Cash & Cash Equivalents (Opening) as on 1st April 2018 / 1st April 2017	42,47,99,011.36	26,96,71,173.36
F. Cash & Cash Equivalents (Closing)	50,16,42,485.94	42,47,99,011.36
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash in hand	14,82,809.53	11,18,300.18
Cheques, draft on hand	97,85,790.80	62,45,019.09
Balances with Schedule banks in current accounts	17,04,37,008.01	18,15,77,678.29
in deposit accounts	31,82,51,652.60	23,44,37,738.80
in unclaimed dividend accounts	16,85,225.00	14,20,275.00

In terms of our report attached
For **SARC & ASSOCIATES**
Chartered Accountants
Firm Reg.No.006085N

For **STEEL CITY SECURITIES LIMITED**

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2019

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



Note No.1 : Company Over View

Steel City Securities Limited (“the Company”) was incorporated on 22 February 1995. The Company is primarily engaged in the business as stock broker in securities trading in various stock exchanges and acting as a depository participant. The Company also offers Services of E-Governance and offering services as EA for UIDAI. The Shares of the Company are listed on National Stock Exchange SME platform. i.e. “NSE EMERGE”.

Note No.2 : Significant Accounting Policies

a Basis of Preparation of Financial Statements

The financial statements are prepared on the basis of historical cost convention and are in accordance with the accounting principles generally accepted in India and are in line with the applicable accounting Standards as prescribed under the Companies Act, 2013

b Use of Estimates

The Preparation and Presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the Financial Statements and reported amounts of Revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

c Revenue Recognition

i. Operating Income

Income from Trading Operations, which comprises of Brokerage is accounted for up to the date of last settlement in the reporting period, TINFC’s Operations and UIDAI EA Operations are accounted on transaction basis.

ii. Interest Income

Revenue is recognized on a time proportion basis taking into account the amount of deposit and a rate applicable

iii. Dividend Income

Revenue is recognized when the shareholders right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if the same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirements of the schedule III to the Act.

d Expenses

Expenses are accounted on accrual basis and Provisions made for all known liabilities and losses on available information.

Trading losses arising out of communication & computer disruptions and other operational reasons are treated as trading expenses

e Fixed Assets (Tangible / Intangible)

Fixed Assets are valued at cost less accumulated Depreciation/amortisation and impairment losses. Cost include all expenses incurred to bring the asset to its present location and condition

f Depreciation / Amortisation

Depreciation on Tangible Fixed Assets is provided under straight-line method over the useful life of assets as prescribed in Schedule II to the Companies Act, 2013.

Computer software, an intangible asset, is amortised under straight-line method over the estimated useful life of 3 years.



g Cash and Cash Equivalents

Cash and Cash Equivalents includes cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value.

h Taxes on Income

- (i) current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable Tax Laws.
- (ii) Deferred Tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantially enacted by the Balance Sheet Date. Deferred Tax Asset are reviewed at each Balance Sheet date for their realisability.

i Investments

- (i) Investments that are intended to be held for more than a year are classified as Long-term Investments. All other investments are classified as current investments.
- (ii) Long-term investments are carried at cost, unless there is diminution other than temporary in their value.
- (iii) Current Investments are valued at lower of cost or market value.

j Retirement Benefits

- i. The Company's contribution to Provident Fund is recognized on accrual basis.
- ii. In accordance with applicable Indian laws, the Company provides for gratuity a defined benefit retirement plan (Gratuity plan) covering all employees. The Gratuity plans provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company has an employees' gratuity fund managed by LIC of India.
- iii. Leave encashment liability is provided on the basis of actual valuation made by the management at the end of each calendar year.

k Borrowing Cost

Borrowing Cost include interest and amortisation of ancillary cost such as loan processing charges etc. incurred in connection with the arrangement of borrowings to the extent they regarded as an adjustment to the interest cost.

l Provisions and Contingencies

Provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reasonable estimate can be made. Contingent Liabilities are disclosed in the notes. Contingent Assets are not recognised in the financial statements

m Earnings per Share

The Basic earnings per share is computed by dividing the net profit / loss attributable to the Equity Shareholders for the year by the weighted average no of equity shares outstanding during the reporting year

For the purpose of calculating diluted earnings per share the net profit/loss for the year attributable to equity shareholders and weighted average no of shares outstanding during the reporting year is adjusted for the effect of all dilutive potential equity shares. In considering whether potential equity shares are dilutive or antidilutive, each issue of series of potential equity shares is considered separately rather than aggregate.



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.3		
Share Capital		
Authorised 2,50,00,000 (P.Y 2,50,00,000) Equity Shares of Rupees 10/- each	25,00,00,000.00	25,00,00,000.00
Total	25,00,00,000.00	25,00,00,000.00
Issued subscribed and paid up capital		
1,51,07,095(P.Y 1,51,07,095) Equity Shares of Rupees 10/- each, fully paid-up	15,10,70,950.00	15,10,70,950.00
	15,10,70,950.00	15,10,70,950.00

Notes:

(i) Reconciliation of number of Shares

Particulars	As at March, 2019		As at March, 2018	
	No of Shares	Amount (Rs.)	No of Shares	Amount Rs.
Equity shares				
Opening Balance	15107095	15,10,70,950.00	15107095	15,10,70,950.00
Issued during the year	0	-	0	-
Closing Balance	15107095	15,10,70,950.00	15107095	15,10,70,950.00

(ii) Rights attached to equity shares:

The company has only one class of Equity Shares having at par value of INR 10/- per share. Each equity holder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to necessary approval from the shareholders except in case of interim Dividend

During the year, the per share interim dividend paid to equity shareholders was Rs. 2/- (previous year Rs.2.00) and final Dividend recommended for distribution to equity shareholders is Rs.0.50 (previous year Rs.0.50-)

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

(iii) List of shareholders holding more than 5% of the total number of shares issued by the Company:

Name of the Shareholder	As at March, 2019		As at March, 2018	
	No of Shares held	% of Holding	No of Shares held	% of Holding
K.Satyanarayana	1576900	10.44	1576900	10.44
Satish Kumar Arya	915840	6.06	815840	5.40
G Sirisha	2443731	16.18	2593731	17.17
G Vishnu Vandhana	2575500	17.05	2575500	17.05
Adesh Ventures LLP	848000	5.61	548000	3.63
Steel City Financial Services Pvt.Ltd	288500	1.91	798500	5.29

(iv) There are no shares bought back by the Company during the period of Five Years immediately preceding the Balance Sheet Date. There are no securities that are convertible into equity/preference shares or employee stock option issued by the Company



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.4		
Reserves and Surplus		
Securities Premium Reserve		
Opening Balance	10,44,47,825.07	10,44,47,825.07
Add: Received during the period	-	-
Closing Balance	10,44,47,825.07	10,44,47,825.07
General Reserve		
Opening Balance	8,30,01,383.69	7,19,22,744.22
Add: Transfer from Surplus	86,69,189.51	1,10,78,639.47
Closing Balance	9,16,70,573.20	8,30,01,383.69
Surplus in statement of Profit and Loss		
Opening Balance	34,58,85,346.43	29,12,93,390.74
Add: Net Profit/(Loss) for the current period	8,66,91,895.12	11,07,86,394.66
Amount available for appropriation	43,25,77,241.56	40,20,79,785.40
Appropriations:		
Transfer to General Reserve	(86,69,189.51)	(1,10,78,639.47)
Interim Dividend	(3,02,14,190.00)	(3,02,14,190.00)
Interim Dividend Tax	(62,10,616.00)	(61,50,900.00)
Provision for Final Dividend	(75,53,547.50)	(75,53,547.50)
Provision for Final Dividend Tax	(15,52,654.00)	(11,97,162.00)
Closing Balance	37,83,77,044.54	34,58,85,346.44
Total	57,44,95,442.82	53,33,34,555.19

The Board of Directors at their meeting held on May 29, 2019 recommended a final dividend of Rs.0.50 per equity share

Note No.5		
Long-term borrowings		
Secured		
Vehicle Loans from Banks & Others	11,83,643.00	3,12,175.00
	11,83,643.00	3,12,175.00

Vehicle Loan Received from HDFC Bank & Others, which is payable in monthly installments i.e.Rs. 44,403/-

Note No.6		
Deferred tax liabilities (net)		
Deferred tax liabilities		
- Depreciation on fixed assets	-	-
Net Deferred tax liabilities	-	-

Note No.7		
Short-term borrowings		
Secured		
Loan repayable on demand from banks	-	-
Unsecured	-	-
Total	-	-

- Working Capital facilities from The Karnataka Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) , Collateral Security of specific Immovable Property belongs to the Company, personal guarantee of Directors and Properties belonging to Directors/ others aggregated of Rs.2.15 Cr.
- Working Capital facilities from Karur Vysya Bank is secured by specific Immovable Property belongs to the Company, Personal guarantee of Directors and Properties belonging to Directors/others aggregated of Rs.8.15 Cr.
- Working Capital facilities from The HDFC Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu), personal guarantee of Directors and Properties belonging to Directors/ others aggregated of Rs.4.45 Cr.



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.8		
Trade payables		
Trade Payables	5,33,05,765.83	5,52,14,893.58
Margin money from Trade Clients	20,65,81,017.84	20,60,56,608.32
	25,98,86,783.67	26,12,71,501.90

In order to secure the performance by the clients of their obligations, commitments & liabilities to the company they placed the margins with the Company

Note No.9		
Other Current Liabilities		
Liability for expenses, Authorised Persons/franchises	6,81,22,823.03	6,48,56,988.85
Margin money from E-Governance Centres	6,41,81,638.23	5,81,85,194.38
Liability against E-Governance Processings	9,78,18,991.78	11,11,87,196.20
Unpaid dividends	16,85,225.00	14,20,275.00
V Sat Deposits	83,59,808.07	83,61,808.07
	24,01,68,486.11	24,40,11,462.50

- There is no interest payable on Vsat Deposits taken from Franchises and the same was paid to Vsat Providers for purchase of VSATs
- Unpaid dividends do not include any amount due and outstanding to be credited to investor education and protection funds
- During the period ended 31st March, 2019 an amount of Rs.1,58,700/- has been transferred to Investor Education and Protection Fund

Note No.10		
Short term provisions		
Provision for Employee benefits		
- provision for gratuity	-	(50,891.00)
Provision for Taxation	3,86,54,760.00	4,39,53,550.00
Provision for Dividend	75,53,547.50	75,53,547.50
Provision for Dividend Tax	15,52,654.00	11,97,162.00
	4,77,60,961.50	5,26,53,368.50

Provision is made for gratuity based on actuarial valuation. All actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year



Note No. 11 : Tangible Assets

Description	Gross Block at Cost				Depreciation				Net Block		
	As at 01.04.2018	Additions as on 31.03.2019	Deletions as on 31.03.2019	As at 31.03.2019	Up to 31.03.2018	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2019	As at 31.03.2019	As at 31.03.2018
Land	62,66,670.00	-	-	62,66,670.00	-	-	-	-	-	62,66,670.00	62,66,670.00
Buildings	62,02,030.00	-	-	62,02,030.00	13,73,417.85	60 Yrs	98,198.81	-	14,71,616.66	47,30,413.34	48,28,612.15
Buildings WIP	6,15,752.00	-	-	6,15,752.00	-	-	-	-	-	6,15,752.00	6,15,752.00
Furniture & Fixtures	49,17,454.14	20,06,055.68	12,45,867.13	56,77,642.69	24,07,254.97	10 yrs	5,55,398.79	12,45,867.13	17,16,786.63	39,60,856.06	25,10,199.17
Electrical Equipments	2,51,13,160.28	9,73,159.34	36,80,936.50	2,24,05,383.12	1,44,16,065.86	10 yrs	22,38,182.93	36,80,936.50	1,29,73,312.29	94,32,070.83	1,06,97,094.42
Computers	1,51,53,656.98	17,28,285.14	11,01,780.00	1,57,80,162.12	20,48,904.25	3-6 Yrs	37,11,511.56	11,01,780.00	46,58,635.81	1,11,21,526.31	1,31,04,752.73
Vehicles	68,38,866.01	9,48,049.72	3,88,585.01	73,98,330.72	34,36,636.46	8 Yrs	9,97,060.00	3,88,585.01	40,45,111.45	33,53,219.27	34,02,229.55
Cycles	14,640.00	-	-	14,640.00	9,117.31	10 Yrs	1,291.33	-	10,408.64	4,231.36	5,522.69
Other Assets	3,50,944.00	57,953.14	-	4,08,897.14	1,31,583.77	5 Yrs	72,439.98	-	2,04,023.75	2,04,873.39	2,19,360.23
Total	6,54,73,173.41	57,13,503.02	64,17,168.64	6,47,69,507.79	2,38,22,980.47		76,74,083.40	64,17,168.64	2,50,79,895.23	3,96,89,612.56	4,16,50,192.94

Note No. 12 : Intangible Assets

Description	Gross Block at Cost			Depreciation			Net Block				
	As at 01.04.2018	Additions as on 31.03.2019	Deletions as on 31.03.2019	As at 31.03.2019	Up to 31.03.2018	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2019	As at 31.03.2019	As at 31.03.2018
Software	56,63,078.60	-	9,28,705.00	47,34,373.60	23,20,970.54	3 Yrs	15,96,604.13	9,28,705.00	29,88,869.67	17,45,503.93	33,42,108.06
Total	56,63,078.60	-	9,28,705.00	47,34,373.60	23,20,970.54		15,96,604.13	9,28,705.00	29,88,869.67	17,45,503.93	33,42,108.06



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.13		
Non Current Investments		
Other investments (quoted) - Trade		
Investment in Equity Instruments		
197 (P.Y 197) equity shares of Rs.2/- each of Bse Ltd	30.31	30.31
1000 (P.Y 0) equity shares of Rs.10/- each of Medicamen Biotech Ltd	6,51,161.54	-
10000 (P.Y 10) equity shares of Rs.2/- each of Tata Motors Ltd	36,97,845.60	-
Other investments (unquoted) -Trade		
Investment in Equity Instruments		
Subsidiary:		
10,00,000 (P.Y 8,36,500) equity shares of Rs.10/- each of Steel City Commodities Pvt Ltd at cost	5,54,89,000.00	3,25,99,000.00
Associate:		
960000 (PY 960000) equity shares of Rs.10/- each of Steel City Financial Services Pvt Ltd at cost	1,29,00,000.00	1,29,00,000.00
Other investments (unquoted) - Non-Trade		
2,500 (P.Y 2500) equity shares of Rs.10/- each of Steel City Infotech Pvt Ltd	25,000.00	25,000.00
	7,27,63,037.45	4,55,24,030.31
Provision for Diminution in value of Investments	(20,01,240.90)	-
	7,07,61,796.55	4,55,24,030.31
Book Value of Quoted Investments	43,49,037.45	30.31
Market Value of Quoted Investments	23,47,796.55	1,48,971.40
Book Value of Unquoted Investments	6,84,14,000.00	4,55,24,000.00
Note No.14		
Deferred tax Asset (net)		
Tax effect of items constituting deferred tax liability		
- Depreciation on fixed assets	20,74,995.51	24,67,113.21
Tax effect of items constituting deferred tax liability (A)	20,74,995.51	24,67,113.21
Tax effect of items constituting deferred tax Asset		
- Provision for Doubtful Debts	48,68,284.30	41,76,518.03
Tax effect of items constituting deferred tax Asset (B)	48,68,284.30	41,76,518.03
Deferred Tax Asset (net) (B-A)	27,93,288.79	17,09,404.82
Note No.15		
Long term Loans and Advances		
Unsecured, considered good		
Interest free Security Deposits with Exchanges	6,46,76,296.64	8,95,35,000.00
V Sat Deposits with Exchanges	50,000.00	50,000.00
Telephone Deposits	7,32,742.00	7,35,241.00
Rental Deposits	62,88,608.00	61,82,246.00
Electricity Deposits	8,06,371.00	7,98,171.00
Other Deposits	27,05,120.00	47,74,787.00
	7,52,59,137.64	10,20,75,445.00



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.16		
Other Non-current Assets		
Advance Income Tax	3,49,33,280.90	7,52,43,405.70
Prepaid expenses	13,04,209.83	16,81,212.05
	3,62,37,490.73	7,69,24,617.75
Note No.17		
Trade Receivables		
outstanding for a period exceeding Six months		
Unsecured, considered good	8,86,59,929.60	9,10,50,870.32
Unsecured, considered doubtful	1,77,89,106.92	1,53,90,472.13
	10,64,49,036.52	10,64,41,342.45
Less: Provision for doubtful Debts	1,77,89,106.92	1,53,90,472.13
	8,86,59,929.60	9,10,50,870.32
outstanding for a period between three to Six months		
Unsecured, considered good	21,37,051.05	12,88,466.72
Other Debts - Less than Three Months		
Secured, considered good	38,36,75,157.29	42,77,30,496.58
	47,44,72,137.94	52,00,69,833.62
Note No.18		
Cash and Cash Equivalents		
Cash on hand	14,82,809.53	11,18,300.18
Cheques, drafts on hand and transit	97,85,790.80	62,45,019.09
Balances with Banks		
- in current accounts	17,04,37,008.01	18,15,77,678.29
- Unclaimed dividend account	16,85,225.00	14,20,275.00
- in deposit accounts (Earmarked)		
Against Bank Guarantees & other commitments	25,73,12,982.60	18,04,37,738.80
- Deposit original maturity less than 12 months	5,19,38,670.00	5,40,00,000.00
- Deposit original maturity more than 12 months	90,00,000.00	-
	50,16,42,485.94	42,47,99,011.36

- a) Deposit accounts includes an amount of Rs.13.50 Cr placed with banks (HDFC Bank Rs.8.00 cr, Karur vysya bank Rs. 4.00 Cr and Karnataka bank Rs.1.50 Cr) pledged against the bank guarantees issued and loan provided by them
- b) Section 125 of the Companies Act, 2013 mandates that companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). Accordingly, if dividend is unclaimed for a period of seven years, it will be transferred to IEPF.



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.19		
Short-term loans and advances		
Unsecured, considered good		
Advance to suppliers	25,071.00	3,97,144.00
Other loans and advances		
Advance to employees	15,64,836.88	17,05,680.14
Receivable from E-Governance Centres	1,06,77,640.58	82,72,790.85
Receivable from Authorised Persons/Dp Franchises	5,72,572.60	5,35,780.41
Others	34,53,812.80	36,68,969.00
	1,62,93,933.86	1,45,80,364.40

Note No.20		
Other Current Assets		
Interest accrued on Fixed Deposits	1,07,07,327.30	42,34,560.60
Refund Due from IT Dept	3,51,02,200.00	-
Other Receivables	98,61,351.85	77,44,444.23
	5,56,70,879.15	1,19,79,004.83

Note No.21		
Revenue from Operations		
Income from Broking Operations	20,07,09,459.93	28,68,79,364.90
Income from DP Operations	62,68,970.29	63,26,229.95
Income from E-Governance Operations	37,80,29,020.77	32,32,43,235.73
Interest from Margin Trading Operations	27,95,997.72	6,174.98
	58,78,03,448.71	61,64,55,005.56

Note No.22		
Other Income		
Interest from Fixed Deposits & Others	2,14,82,276.14	1,63,85,095.16
Interest on IT Refund	53,02,887.00	-
Profit(loss) on sale of Investments	-	15,91,419.07
Bad Debts Recoveries	17,545.67	862.95
Dividend Income	2,49,337.50	17,34,516.00
	2,70,52,046.31	1,97,11,893.18

Dividend amount of Rs.7,092/- (PY Rs.61,516/-) received from BSE Ltd & from Steel City Commodities Pvt Ltd is Rs.0/- (PY.Rs. 16,73,400/-)

Note No.23		
Expenditure on Trading Operations		
Transaction Charges	25,55,424.90	39,53,990.25
Trading Expenses	21,367.38	(71,070.32)
Annual Subscription to NSE	-	1,00,500.00
Insurance	4,43,073.80	4,18,715.84
V Sat Charges and Maintenance	20,78,555.87	51,12,780.53
Batteries, UPS Maintenance	16,45,270.24	20,78,873.68
	67,43,692.19	1,15,93,789.98

Trading Expenses are expenses on purchase and sale of shares wherever there was operational problems due to communication & computer disruptions, data entry operator's mistakes, share deliveries mismatch and other reasons, to come out of the long or short struck positions.



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.24		
Employee benefits expense		
Salaries, wages and bonus	9,14,31,361.00	8,14,44,497.00
Contribution to;		
- Provident Fund and other Funds	63,87,056.00	61,50,218.00
- Gratuity	10,47,079.00	4,05,071.00
Staff Welfare Expenses	8,93,016.90	8,84,328.60
	9,97,58,512.90	8,88,84,114.60

- a) Salaries, wages and bonus includes an amount of Rs. 78,00,000/- (PY Rs.80,47,000/-) paid to the Directors as Remuneration as per Schedule V of the Companies Act, 2013
- b) Provident Fund : Company pays fixed contribution to Provident Fund at predetermined rates to the EPF fund maintained by Employees' Provident Fund Organisation, Government of India. Company obligation is limited to payment of contribution at the pre determined rates. The settlement to the employees shall be made by the EPF organisation.
- c) Gratuity: Payable to employees, who render continuous service of 5 years or more, on separation, @15 days of last drawn pay of each completed year of service.
- d) Leave encashment: Leave encashment amount is paid to the employees at the end of the each calendar year.

Note No.25		
Finance Cost		
Interest Expenses	3,90,962.00	6,40,077.00
BG Commission and Charges	26,62,423.75	29,22,171.47
Other Borrowings cost	52,047.00	52,582.00
	31,05,432.75	36,14,830.47



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.26		
Other Expenses		
A C Maintenance	1,42,557.00	90,324.50
Advertisements	1,86,668.20	8,02,643.08
Bad Debts Written off	20,610.82	3,90,266.38
Bank Charges & Payment Gateway Charges	86,40,161.93	1,75,86,542.04
Books & Periodicals	3,01,016.00	2,90,161.00
Business Development	46,80,406.83	48,44,811.80
Computer maintenance including parts	44,24,329.43	36,58,028.19
Conveyance	3,15,139.00	2,66,211.00
CSR Expenses	18,89,506.00	15,11,017.00
Current Repairs to lease hold buildings	1,94,779.00	8,20,500.00
Demat charges	85,627.90	1,26,273.07
Diminution in value of Investments	20,01,240.90	-
Donations	15,000.00	50,000.00
E-Governance Commission	25,21,66,018.12	22,02,62,522.39
Electricity Charges and maintenance	60,53,603.66	64,10,991.49
Fee to Company Secretary	1,26,000.00	1,26,000.00
Fees & Charges, Filing fee	13,28,919.87	10,03,480.98
Generator maintenance	1,99,376.00	2,24,159.46
Insurance	11,50,651.00	10,25,598.00
Legal, Consultancy and Professional fee	41,64,336.71	51,45,513.30
Meeting & Conferences	-	10,412.00
Office Maintenance	44,42,552.40	46,64,911.14
Office Rent	1,47,29,690.00	1,33,68,502.00
Payment to Auditors (Refer Note No.26.1)	10,17,144.00	9,24,239.50
Printing & Stationery, Postage and Other Charges	17,24,340.48	13,68,262.18
Provision for Doubtful Debts	23,98,634.79	35,89,504.44
Sub-brokerage	4,64,82,353.51	7,01,58,514.77
Subscriptions	6,65,374.00	4,96,816.62
Telephone Charges & Maintenance	44,31,047.41	46,03,465.20
Tours and Travels	10,45,455.38	11,00,620.77
Transportation charges	1,47,910.00	1,27,233.00
Vehicle maintenance	12,10,067.88	10,41,040.34
Xerox and coolers maintenance	61,603.58	1,73,800.49
	36,64,42,121.80	36,62,62,366.13

Note No.26.1		
Payment to Auditors includes payments to Statutory Auditors towards		
Statutory Audit Fee	2,00,000.00	2,00,000.00
Taxation Matters	-	-
Certifications	-	-
	2,00,000.00	2,00,000.00



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.27		
Earnings per share (EPS)		
Earnings (as reported)	8,66,91,895.12	11,07,86,394.66
Shares		
No. of Shares	1,51,07,095.00	1,51,07,095.00
No. of Weighted Average Shares	1,51,07,095.00	1,51,07,095.00
Earnings per Equity Share (Rs.)		
- Basic	5.74	7.33
- Diluted	5.74	7.33

Note No.28

Contingent Liabilities and commitments (to the extent not provided for) (in Rupees):

Sl. No.	Particulars	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
1	Corporate Guarantee provided to Subsidiary Company	4,00,00,000	4,00,00,000
2	Bank Guarantees in favour of Clearing Corporations of Stock Exchanges issued by Banks on behalf of the Company against 50% of Cash Margin i. e . Fixed Deposit Receipts	26,45,00,000	26,45,00,000
3	Cases against the Company not acknowledged as debts:	74,45,151	83,02,784
4	Income tax Demands pending in appeals	N I L	1,84,45,423
5	Show cause notices from Service tax department for which the Company has filed replies	1,15,28,598	98,45,755
6	Service tax demands, pending in appeal (See Note No. 28.1(c))	7,33,87,634	5,66,09,852

28.1

- (a) Cases against the Company and not acknowledged as debts, amounting to Rs.16,17,151/- are pending at various courts/forums
- (b) The suit filed against the company in the Court of the Additional District & Sessions Judge (Fast Track Court), Visakhapatnam, claiming partial title (share) in one of the properties owned by the company, was dismissed and an appeal, which has been filed against this dismissal order, is pending in A.P. High Court. The book value of such claim is Rs.58,28,000/-
- (c) Service tax demands against the Company;
 - (i) The Company has deposited an amount of Rs. Rs.13,49,186/- as a condition precedent of hearing the appeal before The Commissioner (Appeals) in case of order dated 09.01.2017. However the appeal has been disposed off by the learned Commissioner (Appeals) in favour of Revenue on 21.05.2018. The Company has filed an appeal against the order passed by the Commission (Appeals) before CESTAT by depositing additional Pre-deposit of Rs.4,49,729/- on 01.08.2018
 - (ii) The Company has deposited an amount of Rs.3,18,304/- as a condition precedent of hearing the appeal before The Commissioner (Appeals) in case of order dated 28.03.2018



Note No.29

Provision for Taxation has been made after taking into account, the difference between depreciation in the accounts and the depreciation allowable as per the Income Tax Act, 1961 and other deductions /additions allowable/disallowable under the Income Tax Act, 1961.

Note No.30

Related party disclosures:

Nature of relationship	Name of Party
(a) Related Parties where control exists :	
Subsidiaries	Steel City Commodities Private Limited
Group Companies	Steel City Financial Services Private Limited
(b) Other related parties :	
Key Management Personnel	Mr. K. Satyanarayana Mr. Satish Kumar Arya Mr. T.V. Srikanth

(c) Significant transaction with related parties:

(in Rupees)

Sl No.	Nature of Relationship	Name of the Related Party	Nature of Transaction					Brokerage Received
			Remu-neration	Corporate guarantee given	Advance Returned	Advance Taken	Dividend Paid/(received)	
1	Subsidiary Company	Steel City Commodities Private Limited	-	4000000	293379.96	293379.96	-	-
2	Associate Company	Steel City Financial Services Private Limited	-	-	-	-	481250	-
3	Executive Chairman	K Satyanarayana	3300000	-	-	-	3942250	2585.35
4	Managing Director	Satish Kumar Arya	3000000	-	-	-	2289600	1201562.38
5	Director - IT	T V Srikanth	1500000	-	-	-	-	-
6	Director	G Vishnu Vandana	-	-	-	-	6438750	-
7	Relative of Key Management - Wife of Sri K Satyanarayana	K Mahalakshmi	-	-	-	-	129000	13219.69
8	Relative of Key Management - Son of Sri K Satyanarayana	K S V Ramesh Babu	629000	-	-	-	253250	665
9	Relative of Key Management - Wife of Sri Satish Kumar Arya	Nirmala Devi Arya	-	-	-	-	117000	1964.91
10	Relative of Key Management - Wife of Sri T V Srikanth	G Sirisha	-	-	-	-	6109327.5	-
11	Relative of Key Management - Husband of Smt G Vishnu Vandana	P Madhu	1500000	-	-	-	-	-
	Total		9929000	4000000	293379.96	293379.96	19760427.5	1219997.33

Note: Transactions between group companies comprise of extension and return of temporary adjustment of common clients accounts as identified by the Company's management from the Holding/Subsidiary Company's Account



(d) Amount due to / from related parties

(Amount in Rs.)

Nature of Transaction	Due to / (from)
Nature of Transaction	Due to / (From)
Steel City Commodities Private Limited	-
Steel City Financial Services Private Limited	10,55,291.00
K Satyanarayana	-
Satish Kumar Arya	-
T V Srikanth	-

Note No. 31

Defined Benefit Plan – Gratuity

The Company provides gratuity benefit to its employees, which is funded with Life Insurance Corporation of India. The following table sets out the funded status of the defined benefit scheme and the amounts recognised in the financial statements:

(Amount in Rs. Lakhs)

Particulars	31-Mar-19 Rs.	31-Mar-18 Rs.
Net Asset / (Liability) recognised in the Balance Sheet:		
Present Value of Defined Obligation	1,00,31,181	89,98,968
Fair Value of Plan Assets	1,00,34,993	90,49,859
Funded Status [Surplus / (Deficit)]	3,812	50,891
Unrecognised Past Services Costs	-	-
Net Asset / (Liability) recognised in the Balance Sheet	3,812	50,891
Change in Defined Benefit Obligations (DBO) during the year:		
Present Value of DBO at the beginning of the Year	89,98,968	83,65,556
Current Service Cost	9,86,578	9,88,116
Interest Cost	6,63,644	5,94,912
Actuarial (Gains) / Losses	-	-
Past Service Cost	-	-
Benefits Paid	(7,82,789)	(4,32,147)
Actuarial loss / (gain) on obligation (balancing figure)	1,64,780	(5,17,469)
Present Value of DBO at the end of the Year	1,00,31,181	89,98,968
Change in Fair Value of Assets during the Year :		
Plan Assets at the beginning of the Year	90,49,859	70,21,518
Expected Return on Plan Assets	6,91,464	5,81,761
Actual Company Contributions	10,00,000	18,00,000
Actuarial Gain / (Loss)	76,459	78,727
Benefits Paid	(7,82,789)	(4,32,147)
Plan Assets at the end of the Year	1,00,34,993	90,49,859
Actual Return on Plan Assets	7,67,923	6,60,488
Composition of Plan Assets is as follows:		
Government Bonds	Not Received	Not Received
Debentures and Bonds	Not Received	Not Received
Fixed Deposits	Not Received	Not Received
Others	Not Received	Not Received
* - Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer	1,00,34,993	90,49,859
Assumption used in accounting for Gratuity Plan:		
Discount Rate	7.58	7.71
Salary Escalation Rate	5.00	5.00
Expected rate of return on plan assets	7.59	7.55



Note No.32

Corporate Social Responsibility

- a) Gross Amount required to be spent by the Company during the year Rs.18,89,506.00
- b) Total Amount spent during the year is Rs.18,89,506.00 as detailed below:

Particulars	Amount (Rs.)
Amount Contributed to Sweekaram Education Society of Greater Visakhapatnam Municipal Corporation, Visakhapatnam	5,00,000.00
Amount Contributed to Prime Minister National Relief Fund	9,89,506.00
Amount Contributed to Lebenshilfe, Visakhapatnam	2,00,000.00
Amount Contributed to The Akshaya Patra Foundation, Visakhapatnam	2,00,000.00
Total	18,89,506.00

Note No.33

Segment Reporting

1. Business Segment:

- (i) The business segment has been considered as the primary segment.
- (ii) The Company’s primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organisation structure and the internal financial reporting system
- (iii) The Company’s primary business comprises of two business segments viz., Stock Broking & DP Operations and E-Governance Operations
- (iv) Segment revenue, results, assets and liabilities include amounts identifiable to each segments allocated on a reasonable basis.
- (v) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information

Information about the Primary Segment :

Particulars	Stock Broking & Dp Operations	E-Governance Operations	Grand Total
A. Segment Revenue			
External Segment	23,68,26,474.25	37,80,29,020.77	61,48,55,495.02
Internal Segment	-	-	-
Total Revenue	23,68,26,474.25	37,80,29,020.77	61,48,55,495.02
B. Segment Results Profit/(Loss)	3,50,51,970.62	10,37,53,764.76	13,88,05,735.38
Less: Depreciation			92,70,687.53
Less: Income Taxes (Current, Deferred Tax)			4,28,43,152.73
Profit/(Loss) After Tax			8,66,91,895.12
C. Segment Assets	99,73,58,097.62	27,72,08,169.48	1,27,45,66,267.10
D. Segment Liabilities	36,46,19,811.98	18,43,80,062.30	54,89,99,874.28
E. Capital Expenditure	33,21,099.44	23,92,403.58	57,13,503.02
F. Depreciation	76,67,324.27	16,03,363.26	92,70,687.53



2. Geographical Segment

Further the Company has no geographical segments which are subject to different risk and returns. Hence, no separate disclosure in terms of Accounting Standard (AS -17) on segment reporting is considered necessary.

Note No.34

Previous Period figures have been regrouped/reclassified wherever necessary to confirm to the current year's classification/disclosures

In terms of our report attached
For **SARC & ASSOCIATES**
Chartered Accountants
Firm Reg.No.006085N

For **STEEL CITY SECURITIES LIMITED**

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2019

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Members of STEEL CITY SECURITIES LIMITED.

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of STEEL CITY SECURITIES LIMITED ("the Holding Company"), its subsidiary i.e. Steel City Commodities Private Limited and its associate entity i.e. Steel City Financial Services Private Limited (the Holding Company, its subsidiary and its associate Company constitute 'the Group') which comprise the Consolidated Balance Sheet as at 31st March, 2019, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information ('the Consolidated Financial Statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of their consolidated state of affairs of the Company's at March 31, 2019, of consolidated profit and its consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics issued by ICAI*, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Evaluation of uncertain Tax Positions (Indirect Tax)

The Company has material uncertain tax positions (Indirect Tax) including matters under dispute which involves significant judgement to determine the possible outcome of these disputes.

Auditor's Responses

Principal Audit Procedures

Obtained details of completed orders, Show-cause-notices and Demands as at 31st March, 2019 from the Management. We involved our internal experts to challenge the management's underlying assumptions in estimating the tax provisions and the possible outcome of the disputes. Our internal experts also



considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions.

We have not come across any other matters to be considered as key matters to be communicated in our report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities 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; 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- ❖ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and



obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ❖ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ❖ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- ❖ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ❖ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we



determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements / financial information of M/s.Steel City Commodities Private Limited subsidiary, whose financial statements / financial information reflect total assets of Rs. 1800.45 Lakhs as at 31st March, 2019, total revenues of Rs.240.15 Lakhs and net cash flows amounting to Rs.(87.52) Lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit/loss of Rs. 23.90 Lakhs for the year ended 31st March, 2019, as considered in the consolidated financial statements, in respect of associate Company Steel City Financial Services Private Limited, whose financial statements / financial information have not been audited by us. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

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

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 financial statements.
 - (b) In our opinion, proper books of account as required by law relating to preparation of the consolidated financial statements have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - (d) In our opinion, the consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, as applicable
 - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and its associate Company none of the directors of the Group is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.



- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' Reports of the Holding Company, its subsidiary companies and its associate Company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its associate Company incorporated in India
- (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:
- a. The Group has disclosed the impact of pending litigations on the Consolidated financial position of the Group in its Consolidated financial statements as of March 31, 2019 - Refer Note No.28
 - b. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For SARC & ASSOCIATES
Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA
(Partner)
Membership No. :206704

Place: VISAKHAPATNAM
Date: 29.05.2019



"Annexure A" to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of STEEL CITY SECURITIES LIMITED ("the Holding Company"), its subsidiary i.e. Steel City Commodities Private Limited and its associate i.e. Steel City Financial Services Private Limited incorporated in India as of March 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Holding Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary company and its associate Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the respective internal control over financial reporting criteria established by the Holding Company, its subsidiary company and its associate Company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note'). 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 Standards on Auditing prescribed under Section 143(10) of the Act and the Guidance Note, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary i.e. Steel City Commodities Private Limited and its associate i.e. Steel City Financial Services Private Limited incorporated in India has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, 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.

For SARC & ASSOCIATES
Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA
(Partner)
Membership No. :206704

Place: VISAKHAPATNAM
Date: 29.05.2019



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2019

	Note No	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
a) Share Capital	3	15,10,70,950.00	15,10,70,950.00
b) Reserves and Surplus	4	70,80,67,527.77	64,22,96,387.00
2. Minority Interest		-	2,29,33,869.10
3. Non- Current Liabilities			
a) Long-term borrowings	5	11,83,643.00	3,12,175.00
b) Deferred tax liabilities (net)	6	-	-
4. Current Liabilities			
a) Short-term borrowings	7	-	-
b) Trade Payables	8	29,58,70,369.11	29,12,46,134.09
c) Other Current Liabilities	9	24,45,00,892.65	24,88,69,201.80
d) Short-term Provisions	10	4,93,78,171.50	5,46,16,678.50
Total		1,45,00,71,554.03	1,41,13,45,395.49
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
i) Tangible Assets	11	4,13,25,809.60	4,35,93,625.64
ii) Intangible Assets	12	17,45,503.93	33,42,108.06
(b) Non Current Investments	13	5,17,15,476.93	4,14,82,880.25
(c) Deferred tax assets(net)	14	27,01,168.07	15,96,720.59
(d) Long term Loans and Advances	15	8,75,74,767.64	11,31,41,075.00
(e) Other Non-current Assets	16	3,67,46,568.91	7,79,52,068.83
(f) Goodwill on consolidation		4,54,89,000.00	2,42,34,000.00
2. Current Assets			
(a) Current Investments	13	1,33,90,357.00	83,33,025.75
(b) Trade Receivables	17	48,22,23,812.59	53,02,43,858.27
(c) Cash and Cash Equivalents	18	57,27,48,149.88	50,46,56,502.16
(d) Short-term loans and advances	19	5,50,84,333.86	4,90,76,662.02
(e) Other Current Assets	20	5,93,26,605.62	1,36,92,868.92
Total		1,45,00,71,554.03	1,41,13,45,395.49
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached
For SARC & ASSOCIATES
Chartered Accountants
Firm Reg.No.006085N

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2019

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH, 2019

	Note No	Year Ended 31-Mar-19 Rs.	Year Ended 31-Mar-18 Rs.
I. Revenue from Operations	21	60,27,69,548.91	62,96,80,902.39
II. Other Income	22	3,61,01,320.01	3,17,04,854.70
III. Total Revenue (I+II)		63,88,70,868.92	66,13,85,757.09
IV. Expenses			
Expenditure on Trading Operations	23	69,94,129.95	1,17,88,128.16
Employee benefits expense	24	10,41,81,834.90	9,63,04,842.60
Finance Costs	25	34,28,171.07	40,59,115.35
Depreciation and amortisation expense	11 & 12	95,77,923.19	89,55,594.08
Other expenses	26	38,26,85,455.16	37,96,99,784.96
Total Expenses		50,68,67,514.27	50,08,07,465.15
V. Profit before tax (III-IV)		13,20,03,354.65	16,05,78,291.94
VI. Tax Expense			
1) Current Tax		4,02,71,970.00	4,51,41,680.00
2) Tax relating to prior years		52,22,628.40	23,99,633.60
3) Deferred tax		(11,04,447.48)	1,46,750.57
Total Tax Expenses		4,43,90,150.92	4,76,88,064.17
VII. Profit after tax and before Share in Associate (V-VI)		8,76,13,203.73	11,28,90,227.77
VIII. Share of Profit in Associate (net)		23,90,075.44	15,24,843.12
IX. Profit for the year before Minority Interest (VII+VIII)		9,00,03,279.17	11,44,15,070.89
X. Minority Interest		-	(7,42,168.14)
XI. Profit for the Year		9,00,03,279.17	11,36,72,902.75
X. Earnings per share (of Rs.10/- each)	27		
a) Basic - Annualised		5.96	7.52
b) Diluted - Annualised		5.96	7.52
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached

For SARC & ASSOCIATES

Chartered Accountants
Firm Reg.No.006085N

CHANDRA SEKHAR AKULA

Partner
Membership No.206704

K SATYANARAYANA

EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA

MANAGING DIRECTOR

G S R PRASAD

DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2019

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY

For STEEL CITY SECURITIES LIMITED



CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2019

	Year Ended 31-Mar-19 Rs.	Year Ended 31-Mar-18 Rs.
A. Cash flow from Operating Activities		
Net Profit Before Share of Profit of Associate & Minority Interest	13,20,03,354.65	16,05,78,291.94
Adjustment for:		
Depreciation and amortization expense	95,77,923.19	89,55,594.08
Finance Costs	34,28,171.07	40,59,115.35
Interest Income	(2,93,86,624.85)	(2,44,73,563.47)
Dividend Income	(5,24,301.00)	(1,17,256.00)
Loss/(profit) on Sale of Fixed assets (net)	-	-
Operating Profit before Working Capital Changes	11,50,98,523.06	14,90,02,181.90
Trade Receivables	4,80,20,045.68	71,40,988.63
Other Receivables	(5,16,41,408.54)	(4,42,12,094.86)
Other Assets	6,67,71,807.28	(7,48,29,431.44)
Trade Payables	46,24,235.02	2,57,59,394.83
Other Payables & Provisions	(2,62,81,240.95)	13,03,67,197.13
Change in Working Capital	4,14,93,438.49	4,42,26,054.29
Cash generated from Operations	15,65,91,961.55	19,32,28,236.19
Income tax paid	(2,88,20,173.60)	(2,88,20,173.60)
Net Cash generated from Operating Activities	12,77,71,787.95	16,44,08,062.59
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(2,69,68,503.02)	(1,31,17,698.26)
Proceeds from Sale of Fixed Assets	-	-
Proceeds from Additional Capital	-	-
Proceeds from (Purchase)/Sale of Investments	(1,45,34,852.49)	(1,08,28,598.06)
Income from Investments	5,24,301.00	1,17,256.00
Interest Received	2,93,86,624.85	2,44,73,563.47
Net cash used in investing activities	(1,15,92,429.66)	6,44,523.15
C. Cash flow from Financing Activities		
Interest paid	(34,28,171.07)	(40,59,115.35)
Proceeds from borrowings	-	-
Repayment of borrowings	8,71,468.00	(96,248.00)
Dividend paid including tax on dividend	(4,55,31,007.50)	(4,58,49,959.50)
Net cash used in Financing activities	(4,80,87,710.57)	(5,00,05,322.85)
D. Net Increase/ (Decrease) in Cash & Cash Equivalents	6,80,91,647.72	11,50,47,262.89
E. Cash & Cash Equivalents (Opening) as on 1st April 2018 / 1st April 2017	50,46,56,502.15	38,96,09,239.26
F. Cash & Cash Equivalents (Closing)	57,27,48,149.87	50,46,56,502.15
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash in hand	18,23,794.53	13,42,010.18
Cheques, draft on hand	99,40,790.80	63,20,019.09
Balances with Schedule banks in current accounts	19,10,17,230.72	19,37,57,822.86
in deposit accounts	36,82,81,108.83	30,18,16,375.03
in unclaimed dividend accounts	16,85,225.00	14,20,275.00

In terms of our report attached

For SARC & ASSOCIATES

Chartered Accountants
Firm Reg.No.006085N

CHANDRA SEKHAR AKULA

Partner
Membership No.206704

For STEEL CITY SECURITIES LIMITED

K SATYANARAYANA

EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA

MANAGING DIRECTOR

G S R PRASAD

DIRECTOR

PLACE: VISAKHAPATNAM

DATE : 29.05.2019

N RAMU

CHIEF FINANCIAL OFFICER

M SRIVIDYA

COMPANY SECRETARY



Note No.1 : Company Over View

Steel City Securities Limited (“the Company”) along with its subsidiary i.e Steel City Commodities Pvt Ltd having 100% of shares (P Y 83.65% of shares) are primarily engaged in the business of retail broking (securities and commodity broking), DP Services, E-Governance, Services of EA of UIDAI, Corporate insurance agents, marketing support services. The Shares of the Company are listed on National Stock Exchange SME platform. i.e. “NSE EMERGE”.

Steel City Securities Limited (“the Company”) along with its subsidiary i.e Steel City Commodities Pvt Ltd is having 43.74% of share (P Y 43.74%) in the associate i.e. Steel City Financial Services Private Limited.

Note No.2 : Significant Accounting Policies

a. Principles of consolidation

- a) The financial statements of the Parent Company and its subsidiary have been consolidated on line-by-line basis by adding together the book values of the like items of the assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Parent Company’s independent financial statements.
- b) Minority interest in the net assets of subsidiaries consists of the amount of equity attributable to the minority shareholders at the date on which investment is made by company in the subsidiary company and further movements in their share in equity, subsequent to the date of investment.
- c) Goodwill on consolidation represents the difference between the Group’s share in the networth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary as per Accounting Standard (AS) 21 “Consolidated Financial Statements”. For this purpose, the Group’s share of net worth is determined on the basis of the latest financial statements, prior to acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill arising on Consolidation as per Accounting Standard (AS) 21 “Consolidated Financial Statements” is tested for impairment at every Balance Sheet date . In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.
- d) Investments in associates are accounted for using equity method in accordance with AS-23 “Accounting for investments in associates in consolidated financial statements” as referred to in the accounting standard Rules. The difference between cost of investments in associates and the share of net assets, at the time of acquisition of shares in the associates, is identified in the financial statements as goodwill or capital reserve as the case may be.

b. Basis of Preparation of Financial Statements

The financial statements are prepared on the basis of historical cost convention and are in accordance with the accounting principles generally accepted in India and are in line with the applicable accounting Standards as prescribed under the Companies Act, 2013

The financial Statements are prepared in accordance with the principles and procedures required for the preparation and presentation of Consolidated Financial Statements as laid down under the Accounting Standards (AS)21, ‘Consolidated Financial Statements’. The financial statements of Steel City Securities Limited - the Holding Company and its subsidiary i.e Steel City Commodities Private Limited have been combined on a line-by-line basis by adding together book values like items of assets, liabilities, income and expenses after eliminating intra group balances and transactions if any. The Consolidated financial statements are prepared by applying uniform



accounting policies in use at the Group. Minority interests have been excluded. Minority interest represent that part of the net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the Company.

c. Use of Estimates

The Preparation and Presentation of Financial Statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the Financial Statements and reported amounts of Revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

d. Income Recognition

i. Operating Income

Income from Trading Operations, which comprises of Brokerage is accounted for up to the date of last settlement in the reporting period, TINFC's Operations and UIDAI EA Operations are accounted on transaction basis.

ii. Interest Income

Revenue is recognized on a time proportion basis taking into account the amount of deposit and a rate applicable

iii. Dividend Income

Revenue is recognized when the shareholders right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognized even if the same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirements of the schedule III to the Act.

e. Expenses

Expenses are accounted on accrual basis and Provisions made for all known liabilities and losses on available information.

Trading losses arising out of communication & computer disruptions and other operational reasons are treated as trading expenses

f. Fixed Assets (Tangible/Intangible) and Goodwill

Fixed Assets are valued at cost less accumulated Depreciation. Cost include all expenses incurred to bring the asset to its present location and condition. Goodwill comprises the excess of purchase consideration over the face value of shares acquired of a subsidiary. Goodwill arising on consolidation is not amortised but is tested for impairment.

g. Depreciation / Amortisation

Depreciation on Tangible Fixed Assets is provided under straight-line method over the useful life of assets as prescribed in Schedule II to the Companies Act, 2013.

Computer software, an intangible asset, is amortised under straight-line method over the estimated useful life of 3 years.

h. Cash and Cash Equivalentents

Cash and Cash Equivalentents includes cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to insignificant risk of changes in value.



i. Taxes on Income

- (i) Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of Income Tax Act, 1961 and other applicable Tax Laws.
- (ii) Deferred Tax on account of timing difference between taxable and accounting income is provided using the tax rates and tax laws enacted or substantially enacted by the Balance Sheet Date. Deferred Tax Asset are reviewed at each Balance Sheet date for their realisability.

j. Investments

- (i) Investments that are intended to be held for more than a year are classified as Long-term Investments. All other investments are classified as current investments.
- (ii) Long-term investments are carried at cost, unless there is diminution other than temporary in their value.
- (iii) Current Investments are valued at lower of cost or market value.

k. Retirement Benefits

- i. The Company's contribution to Provident Fund is recognized on accrual basis.
- ii. In accordance with applicable Indian laws, the Company provides for gratuity a defined benefit retirement plan (Gratuity plan) covering all employees. The Gratuity plans provides a lumpsum payment to vested employees, at retirement or termination of employment, an amount based on the respective employees last drawn salary and the years of employment with the Company. The Company has an employees' gratuity fund managed by LIC of India.
- iii. Leave encashment liability is provided on the basis of actual valuation made by the management at the end of each calendar year.

l. Borrowing Cost

Borrowing Cost include interest and amortisation of ancillary cost such as loan processing charges etc. incurred in connection with the arrangement of borrowings to the extent they regarded as an adjustment to the interest cost.

m. Provisions and Contingencies

Provision is recognised when the Company has a present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reasonable estimate can be made. Contingent Liabilities are disclosed in the notes. Contingent Assets are not recognised in the financial statements

n. Earnings per Share

The Basic earnings per share is computed by dividing the net profit / loss attributable to the Equity Shareholders for the year by the weighted average no of equity shares outstanding during the reporting year

For the purpose of calculating diluted earnings per share the net profit/loss for the year attributable to equity shareholders and weighted average no of shares outstanding during the reporting year is adjusted for the effect of all dilutive potential equity shares. In considering whether potential equity shares are dilutive or antidilutive, each issue of series of potential equity shares is considered separately rather than aggregate.



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.3		
Share Capital		
Authorised 2,50,00,000 (P.Y 2,50,00,000) Equity Shares of Rupees 10/- each	25,00,00,000.00	25,00,00,000.00
Total	25,00,00,000.00	25,00,00,000.00
Issued subscribed and paid up capital 1,51,07,095 (P.Y 1,51,07,095) Equity Shares of Rupees 10/- each, fully paid-up	15,10,70,950.00	15,10,70,950.00
	15,10,70,950.00	15,10,70,950.00

Notes: (i) Reconciliation of number of Shares

Particulars	As at March, 2019		As at March, 2018	
	No of Shares	Amount (Rs.)	No of Shares	Amount (Rs.)
Equity shares				
Opening Balance	15107095	15,10,70,950.00	15107095	15,10,70,950.00
Issued during the year	0	-	0	-
Closing Balance	15107095	15,10,70,950.00	15107095	15,10,70,950.00

(ii) Rights attached to equity shares:

The company has only one class of Equity Shares having at par value of INR 10/- per share. Each equity holder is entitled to one vote per share and has a right to receive dividend as recommended by Board of Directors subject to necessary approval from the shareholders except in case of interim Dividend

During the year, the per share interim dividend paid to equity shareholders was Rs. 2/- (previous year Rs.2.00) and final Dividend recommended for distribution to equity shareholders is Rs.0.50 (previous year Rs.0.50)

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

(iii) List of shareholders holding more than 5% of the total number of shares issued by the Company:

Name of the Shareholder	As at March, 2019		As at March, 2018	
	No of Shares held	% of Holding	No of Shares held	% of Holding
K.Satyanarayana	1576900	10.44	1576900	10.44
Satish Kumar Arya	915840	6.06	815840	5.40
G Vishnu Vandhana	2575500	17.05	2575500	17.05
G Sirisha	2443731	16.18	2593731	17.17
Steel City Financial Services Pvt.Ltd	288500	1.91	798500	5.29

(iv) There are no shares bought back by the Company during the period of Five Years immediately preceding the Balance Sheet Date. There are no securities that are convertible into equity/preference shares or employee stock option issued by the Company



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.4		
Reserves and Surplus		
Securities Premium Reserve		
Balance at the beginning of the year	10,44,47,825.07	10,44,47,825.07
Received during the year	-	-
Closing Balance	10,44,47,825.07	10,44,47,825.07
General Reserve		
Balance at the beginning of the year	10,02,28,511.81	8,87,72,189.03
Add: Transfer from Surplus	87,61,320.37	1,14,56,322.78
Less: Minority Interest	-	(27,54,884.23)
Closing Balance	10,89,89,832.18	9,74,73,627.58
Surplus in statement of Profit and Loss		
Opening Balance	45,89,18,919.22	40,18,10,130.61
Add: Net Profit/(Loss) for the current period	9,00,03,279.17	11,36,72,902.75
Less: Minority Interest	-	(1,78,01,816.73)
Amount available for appropriation	54,89,22,198.39	49,76,81,216.63
Appropriations:		
Transfer to General Reserve	(87,61,320.37)	(1,14,56,322.78)
Interim Dividend	(3,02,14,190.00)	(3,02,14,190.00)
Interim Dividend Tax	(62,10,616.00)	(61,50,900.00)
Proposed Final Dividend	(75,53,547.50)	(78,80,547.50)
Proposed Final Dividend Tax	(15,52,654.00)	(16,04,322.00)
Closing Balance	49,46,29,870.52	44,03,74,934.35
Total	70,80,67,527.77	64,22,96,387.00

The Board of Directors at their meeting held on May 29, 2019 recommended a final dividend of Rs.0.50 per equity share

Note No.5		
Long-term borrowings		
Secured		
Vehicle Loans from Banks	11,83,643.00	3,12,175.00
	11,83,643.00	3,12,175.00

Vehicle Loan Received from HDFC Bank & Others, which is payable in monthly installments i.e.Rs. 44,403/-

Note No.6		
Deferred tax liabilities (net)		
Deferred tax liabilities		
- Depreciation on fixed assets	-	-
Net Deferred tax liabilities	-	-



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.7		
Short-term borrowings		
Secured		
Loan repayable on demand from banks	-	-
Unsecured	-	-
Total	-	-

- Working Capital facilities from The Karnataka Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) , Collateral Security of specific Immovable Property belongs to the Company, personal guarantee of Directors and Properties belonging to Directors/ others aggregated of Rs.2.15 Cr.
- Working Capital facilities from Karur Vysya Bank is secured by specific Immovable Property belongs to the Company, Personal guarantee of Directors and Properties belonging to Directors/ others aggregated of Rs.8.15 cr
- Working Capital facilities from The HDFC Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu), personal guarantee of Directors and Properties belonging to Directors/ others aggregated of Rs.4.45 Cr.

Note No.8		
Trade payables		
Trade Payables	5,51,61,259.71	5,65,22,080.95
Margin money from Trade Clients	24,07,09,109.40	23,47,24,053.14
	<u>29,58,70,369.11</u>	<u>29,12,46,134.09</u>

In order to secure the performance by the clients of their obligations, commitments & liabilities to the company they placed the margins with the company

Note No.9		
Other Current Liabilities		
Liability for expenses, sub-brokers/franchises	7,24,55,229.57	6,97,14,728.15
Margin money from E-Governance Centres	6,41,81,638.23	5,81,85,194.38
Liability against E-Governance Processings	9,78,18,991.78	11,11,87,196.20
Unpaid dividends	16,85,225.00	14,20,275.00
V Sat Deposits	83,59,808.07	83,61,808.07
	<u>24,45,00,892.65</u>	<u>24,88,69,201.80</u>

- There is no interest payable on Vsat Deposits taken from Franchises and the same was paid to Vsat Providers for purchase of VSATs
- Unpaid dividends do not include any amount due and outstanding to be credited to investor education and protection funds
- During the period ended 31st March, 2019 an amount of Rs.1,58,700/- has been transferred to Investor Education and Protection Fund

Note No.10		
Short term provisions		
Provision for Employee benefits		
- provision for gratuity	-	(9,871.00)
Provision for Taxation	4,02,71,970.00	4,51,41,680.00
Provision for Dividend	75,53,547.50	78,80,547.50
Provision for Dividend Tax	15,52,654.00	16,04,322.00
	<u>4,93,78,171.50</u>	<u>5,46,16,678.50</u>

Provision is made for gratuity based on actuarial valuation. All actuarial gains and losses arising during the year are recognized in the Profit and Loss Account of the year



Note No. 11 : Tangible Assets

Description	Gross Block at Cost				Depreciation						Net Block	
	As at 01.04.2018	Additions as on 31.03.2019	Deletions as on 31.03.2019	As at 31.03.2019	Up to 31.03.2018	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2019	As at 31.03.2019	As at 31.03.2018	
Land	62,66,670.00	-	-	62,66,670.00	-	-	-	-	-	62,66,670.00	62,66,670.00	
Buildings	62,02,030.00	-	-	62,02,030.00	13,73,417.85	60Yrs	98,198.81	-	14,71,616.66	47,30,413.34	48,28,612.15	
Buildings WIP	6,15,752.00	-	-	6,15,752.00	-	-	-	-	-	6,15,752.00	6,15,752.00	
Furniture & Fixtures	51,55,039.14	20,06,055.68	12,45,867.13	59,15,227.69	24,66,387.49	10Yrs	5,77,969.37	12,45,867.13	17,98,489.73	41,16,737.96	26,88,651.65	
Electrical Equipments	2,70,63,326.28	9,73,159.34	36,80,936.50	2,43,55,549.12	1,49,73,267.12	10Yrs	24,23,448.70	36,80,936.50	1,37,15,779.32	1,06,39,769.80	1,20,90,059.16	
Computers	1,51,57,306.98	17,28,285.14	11,05,430.00	1,57,80,162.12	20,52,067.75	3-6Yrs	37,11,998.06	11,05,430.00	46,58,635.81	1,11,21,526.31	1,31,05,239.23	
Vehicles	76,71,816.01	9,48,049.72	3,88,585.01	82,31,280.72	38,98,057.48	8Yrs	10,95,972.81	3,88,585.01	46,05,445.28	36,25,835.44	37,73,758.53	
Cycles	14,640.00	-	-	14,640.00	9,117.31	10Yrs	1,291.33	-	10,408.64	4,231.36	5,522.69	
Other Assets	3,50,944.00	57,953.14	-	4,08,897.14	1,31,583.77	5Yrs	72,439.98	-	2,04,023.75	2,04,873.39	2,19,360.23	
Total	6,84,97,524.41	57,13,503.02	64,20,818.64	6,77,90,208.79	2,49,03,898.77		79,81,319.06	64,20,818.64	2,64,64,399.19	4,13,25,809.60	4,35,93,625.64	

Note No.12 : Intangible Assets

Description	Gross Block at Cost			Depreciation			Net Block				
	As at 01.04.2018	Additions as on 31.03.2019	Deletions as on 31.03.2019	As at 31.03.2019	Up to 31.03.2018	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2019	As at 31.03.2019	As at 31.03.2018
Software	56,63,078.60	-	9,28,705.00	47,34,373.60	23,20,970.54	3Yrs	15,96,604.13	9,28,705.00	29,88,869.67	17,45,503.93	33,42,108.06
Total	56,63,078.60	-	9,28,705.00	47,34,373.60	23,20,970.54		15,96,604.13	9,28,705.00	29,88,869.67	17,45,503.93	33,42,108.06



	As at 31 March 19 Rs.	As at 31 March 18 Rs.
Note No.13		
Non Current Investments		
Other investments (quoted) - Trade		
Investment in Equity Instruments		
197 (P.Y. 197) equity shares of Rs.2/- (PY Rs.2/-)each of BSE Ltd	30.31	30.31
1000 (P.Y 0) equity shares of Rs.10/- each of Medicamen Biotech Ltd	6,51,161.54	-
10000 (P.Y 10) equity shares of Rs.2/- each of Tata Motors Ltd	36,97,845.60	-
Other investments (unquoted) -Trade		
Investments in Equity Instruments		
Associate:		
960000 (PY 960000) equity shares of Rs.10/- each of Steel City Financial Services Pvt Ltd at cost	3,13,52,045.38	2,89,61,969.94
Other investments (unquoted) - Non-Trade		
4,00,000 (P.Y 4,00,000) 9% Compulsory Convertible Cumulative Preference Shares of MELIORA ARC LTD	1,00,00,000.00	1,00,00,000.00
517(P.Y 216) 9% Compulsory Convertible Debentures of Redcliffe Hygiene Private Limited	79,90,635.00	24,95,880.00
2,500 (P.Y 2500) equity shares of Rs.10/- each of Steel City Infotech Pvt Ltd	25,000.00	25,000.00
	5,37,16,717.83	4,14,82,880.25
Provision for Diminution in value of Investments	(20,01,240.90)	-
	5,17,15,476.93	4,14,82,880.25
Book Value of Quoted Investments	43,49,037.45	30.31
Market Value of Quoted Investments	23,47,796.55	1,48,971.10
Book Value of Unquoted Investments	4,93,67,680.38	4,14,82,849.94

Note: Investments in Subsidiary Company mutually cancelled on Consolidation of Financials

Name of the Associate	ownership interest	Original Cost Rs.	Carrying amount Rs.
Steel City Financial Services pvt ltd	43.74%	2,58,00,000.00	31,352,045.38

Current Investments:		
Other investments (Quoted) - Trade		
ANI Integrated Services Ltd 1200 Qty (P.Y.1200) of Rs.10/- (PY Rs.10/-) each	1,20,000.00	1,20,000.00
Asian Paints Ltd 865 Qty (P.Y 865) of Rs.1/- (PY Rs.1/-) each	10,00,278.48	10,00,278.48
Cipla Ltd 3235 Qty (P.Y 3235) of Rs.2/- (PY Rs.2/-) each	20,05,279.61	20,05,279.61
DLF Ltd 3950 Qty (P.Y 3950) of Rs.2/- (PY Rs.2/-) each	10,03,564.14	10,03,564.14
India Cements Ltd 11000 Qty (P.Y 11000) of Rs.10/- (PY Rs.10/-) each	20,20,944.80	20,20,944.80
Lupin Ltd 1000 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	8,09,130.55	-
Shivalik Rasaayan Ltd 15000 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	48,90,000.00	-
Tata Motors Ltd 14690 Qty (P.Y 4650) of Rs.10/- (PY Rs.10/-) each	57,17,278.79	20,04,664.41
Wockhardt Pharma Ltd 2190 Qty (P.Y 2190) of Rs.10/- (PY Rs.10/-) each	20,03,529.10	20,03,529.10
	1,95,70,005.47	1,01,58,260.54
Provision for Diminution in value of Investments	(61,79,648.47)	(18,25,234.79)
	1,33,90,357.00	83,33,025.75
Book Value of Quoted Investments	1,95,70,005.47	1,01,58,260.54
Market Value of Quoted Investments	1,33,90,357.00	83,33,025.75



	As at 31 March 19 Rs.	As at 31 March 18 Rs.
Note No.14		
Deferred tax Asset (net)		
Tax effect of items constituting deferred tax liability		
- Depreciation on fixed assets	21,99,019.21	26,11,700.42
Tax effect of items constituting deferred tax liability (A)	21,99,019.21	26,11,700.42
Tax effect of items constituting deferred tax Asset		
- Provision for Doubtful Debts	49,00,187.28	42,08,421.01
Tax effect of items constituting deferred tax Asset (B)	49,00,187.28	42,08,421.01
Deferred Tax Asset (net) (B-A)	27,01,168.07	15,96,720.59

Note No.15		
Long term Loans and Advances		
Unsecured, considered good		
Interest free Security Deposits with Exchanges	7,64,26,296.64	10,00,35,000.00
V Sat Deposits with Exchanges	50,000.00	50,000.00
Telephone Deposits	7,32,742.00	7,35,241.00
Rental Deposits	68,18,608.00	67,12,246.00
Electricity Deposits	8,42,001.00	8,33,801.00
Other Deposits	27,05,120.00	47,74,787.00
	8,75,74,767.64	11,31,41,075.00

Note No.16		
Other Non-current Assets		
Advance Income Tax	3,53,61,649.30	7,61,91,097.40
Prepaid expenses	13,84,919.61	17,60,971.43
	3,67,46,568.91	7,79,52,068.83

Note No.17		
Trade Receivables		
outstanding for a period exceeding Six months		
Unsecured, considered good	9,59,76,320.80	9,81,56,861.83
Unsecured, considered Doubtful	1,78,95,913.00	1,54,97,278.21
	11,38,72,233.80	11,36,54,140.04
Less: Provision for doubtful debts	1,78,95,913.00	1,54,97,278.21
	9,59,76,320.80	9,81,56,861.83
outstanding for a period between 3 to 6 months		
Unsecured, considered good	22,51,273.18	14,26,832.85
Other Debts - Less than Three Months		
Secured, considered good	38,39,96,218.61	43,06,60,163.59
	48,22,23,812.59	53,02,43,858.27



	As at 31 March 19 Rs.	As at 31 March 18 Rs.
Note No.18		
Cash and Cash Equivalents		
Cash on hand	18,23,794.53	13,42,010.18
Cheques, drafts on hand and transit	99,40,790.80	63,20,019.09
Balances with Banks		
- in current accounts	19,10,17,230.72	19,37,57,822.86
- Unclaimed dividend account	16,85,225.00	14,20,275.00
- in deposit accounts		
Against Bank Guarantees & other commitments	28,23,42,438.83	20,54,67,195.03
Deposit original maturity less than 12 months	7,69,38,670.00	9,63,49,180.00
Deposit original maturity more than 12 months	90,00,000.00	-
	57,27,48,149.88	50,46,56,502.16

- a) Deposit accounts includes an amount of Rs.15.50 Cr placed with banks (HDFC Bank Rs.10.00 cr, Karur vysya bank Rs. 4.00 Cr and Karnataka Bank Rs.1.50 cr) pledged against the bank guarantees issued and loan provided by them
- b) Section 125 of the Companies Act, 2013 mandates that companies transfer dividend that has been unclaimed for a period of seven years from unpaid dividend account to the Investor Education and Protection Fund (IEPF). Accordingly if dividend is unclaimed for a period of seven years, it will be transferred to IEPF

Note No.19		
Short-term loans and advances		
Unsecured, considered good		
Advance to suppliers	25,071.00	3,97,144.00
Other loans and advances		
Advance to employees	15,64,836.88	17,14,680.14
Receivable from E-Governance Centres	1,06,77,640.58	82,72,790.85
Receivable from Sub-brokers	5,72,572.60	5,35,780.41
Others	4,22,44,212.80	3,81,56,266.62
	5,50,84,333.86	4,90,76,662.02

Note No.20		
Other Current Assets		
Interest accrued on Fixed Deposits	1,25,16,966.53	64,09,795.92
Refund due from IT Dept.,	3,51,02,200.00	-
Other Receivables	1,17,07,439.09	72,83,073.00
	5,93,26,605.62	1,36,92,868.92

Note No.21		
Revenue from Operations		
Income from Broking Operations	21,56,75,560.13	30,01,05,261.73
Income from DP Operations	62,68,970.29	63,26,229.95
Income from E-Governance Operations	37,80,29,020.77	32,32,43,235.73
Income from Margin Trading Operations	27,95,997.72	6,174.98
	60,27,69,548.91	62,96,80,902.39



	As at 31 March 19 Rs.	As at 31 March 18 Rs.
Note No.22		
Other Income		
Interest from Fixed Deposits	2,93,86,624.85	2,44,73,563.47
Profit on sale of Investments	54,32,373.76	64,45,622.53
Insurance Commission	3,80,474.73	3,07,549.75
Prof.Dividend carrying 9% coupon rate	3,60,000.00	3,60,000.00
Bad Debts Recoveries	17,545.67	862.95
Dividend Income	5,24,301.00	1,17,256.00
	3,61,01,320.01	3,17,04,854.70

Dividend amount of Rs.7,092/- (PY Rs.61,516/-) received from BSE Ltd

Note No.23		
Expenditure on Trading Operations		
Transaction Charges	25,59,743.66	39,53,990.25
Trading Expenses	21,367.38	(71,070.32)
Annual Subscription to Exchanges	1,73,333.00	1,75,875.00
Insurance	4,43,073.80	4,18,715.84
V Sat Charges and Maintenance	20,60,441.87	51,06,243.71
Batteries, UPS Maintenance	17,36,170.24	22,04,373.68
	69,94,129.95	1,17,88,128.16

Trading Expenses are expenses on purchase and sale of shares wherever there was operational problems due to Communication & computer disruptions, data entry operator's mistakes, deliveries mismatch and other reasons, to come out of the long or short struck positions.

Note No.24		
Employee benefits expense		
Salaries, wages and bonus	9,56,10,913.00	8,81,20,452.00
Contribution to;		
- Provident Fund and other Funds	66,93,865.00	67,30,107.00
- Gratuity	9,32,351.00	5,13,661.00
Staff Welfare Expenses	9,44,705.90	9,40,622.60
	10,41,81,834.90	9,63,04,842.60

- Salaries, wages and bonus includes an amount of Rs. 78,00,000/- (PY Rs.80,47,000/-) paid to the Directors as Remuneration as per Schedule V of the Companies Act, 2013
- Provident Fund : Company pays fixed contribution to Provident Fund at predetermined rates to the EPF fund maintained by Employees' Provident Fund Organisation, Government of India. Company obligation is limited to payment of contribution at the pre determined rates. The settlement to the employees shall be made by the EPF organisation.
- Gratuity: Payable to employees, who render continuous service of 5 years or more, on separation, @15 days of last drawn pay of each completed year of service.
- Leave encashment: Leave encashment amount is paid to the employees at the end of the each calendar year.

Note No.25		
Finance Cost		
Interest Expenses	3,90,962.00	7,86,991.00
BG Commission and Charges	29,85,162.07	32,19,542.35
Other Borrowings cost	52,047.00	52,582.00
	34,28,171.07	40,59,115.35



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.26		
Other Expenses		
A C Maintenance	1,42,557.00	90,324.50
Advertisements	1,86,668.20	8,02,643.08
Bad Debts Written off	20,610.82	3,90,266.38
Bank Charges & Payment Gateway Charges	86,40,161.93	1,75,86,542.04
Books & Periodicals	3,01,016.00	2,90,161.00
Business Development	49,34,947.54	52,09,451.40
Computer maintenance including parts	55,04,384.43	46,39,743.54
Conveyance	3,15,139.00	2,66,211.00
C S R Expenses	18,89,506.00	15,11,017.00
Current Repairs to leasehold buildings	1,94,779.00	8,20,500.00
Demat charges	85,664.80	1,33,063.62
Diminution in value of Investments	63,55,654.58	18,25,234.79
Donations	20,000.00	65,000.00
E-Governance Commission	25,21,66,018.12	22,02,62,522.39
Electricity Charges and maintenance	67,94,927.66	71,82,308.49
Fee to Company Secretary	1,56,000.00	1,56,000.00
Fees & Charges, Filing fee	16,05,660.79	13,00,393.71
Generator maintenance	2,17,871.00	2,49,890.46
Insurance	11,61,802.00	10,48,154.00
Legal, Consultancy and Professional fee	44,88,336.71	59,54,333.30
Meeting & Conference	-	10,412.00
Office Maintenance	46,04,552.40	48,36,961.14
Office Rent	1,62,17,690.00	1,47,96,492.00
Payment to Auditors(Refer Note No.26.1)	12,12,144.00	11,19,239.50
Printing & Stationery, Postage and Other Charges	17,26,897.48	14,41,890.18
Provision for Doubtful Debts	23,98,634.79	35,89,504.44
Sub-brokerage	5,37,44,865.66	7,65,17,763.58
Subscriptions	7,02,374.00	5,36,316.62
Telephone Charges & Maintenance	44,19,547.41	46,04,765.20
Tours and Travels	10,45,455.38	11,00,620.77
Transportation charges	1,47,910.00	1,27,233.00
Vehicle maintenance	12,22,074.88	10,61,025.34
Xerox and coolers maintenance	61,603.58	1,73,800.49
	38,26,85,455.16	37,96,99,784.96
Note No.26.1		
Payment to Auditors includes payments to Statutory Auditors towards		
Statutory Audit Fee	2,40,000.00	2,40,000.00
Taxation Matters	-	-
Certifications	-	-
	2,40,000.00	2,40,000.00



	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Note No.27		
Earnings per share (EPS)		
Earnings (as reported)	9,00,03,279.17	11,36,72,902.75
Shares		
No. of Shares	1,51,07,095.00	1,51,07,095.00
No. of Weighted Average Shares	1,51,07,095.00	1,51,07,095.00
Earnings per Equity Share (Rs.)		
- Basic	5.96	7.52
- Diluted	5.96	7.52

Note No.28

Contingent Liabilities and commitments (to the extent not provided for) (in Rupees):

Sl. No.	Particulars	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
1	Corporate Guarantee provided to Subsidiary Company	4,00,00,000	4,00,00,000
2	Bank Guarantees in favour of Clearing Corporations of Stock Exchanges issued by Banks on behalf of the Company against 50% of Cash Margin i. e . Fixed Deposit Receipts	26,45,00,000	26,45,00,000
3	Cases against the Company not acknowledged as debts:-	74,45,151	83,02,784
4	Income tax Demands pending in appeals	NIL	1,84,45,423
5.	Show cause notices from Service tax department for which the Company has filed replies	1,15,28,598	98,45,755
6.	Service tax demands, pending in appeal (See Note No. 28.1(c))	7,33,87,634	5,66,09,852

28.1

- (a) Cases against the Company and not acknowledged as debts, amounting to Rs.16,17,151/- are pending at various courts/forums
- (b) The suit filed against the company in the Court of the Additional District & Sessions Judge (Fast Track Court), Visakhapatnam, claiming partial title (share) in one of the properties owned by the company, was dismissed and an appeal, which has been filed against this dismissal order, is pending in A.P. High Court. The book value of such claim is Rs.58,28,000/-
- (c) Service tax demands against the Company;
 - (i) The Company has deposited an amount of Rs.13,49,186/- as a condition precedent of hearing the appeal before The Commissioner (Appeals) in case of order dated 09.01.2017. However the appeal has been disposed off by the learned Commissioner (Appeals) in favour of Revenue on 21.05.2018. The Company has filed an appeal against the order passed by the Commission (Appeals) before CESTAT by depositing additional Pre-deposit of Rs.4,49,729/- on 01.08.2018
 - (ii) The Company has deposited an amount of Rs.3,18,304/- as a condition precedent of hearing the appeal before The Commissioner (Appeals) in case of order dated 28.03.2018

Note No.29

Provision for Taxation has been made after taking into account, the difference between depreciation in the accounts and the depreciation allowable as per the Income Tax Act, 1961 and other deductions /additions allowable/disallowable under the Income Tax Act, 1961.



Note No.30

Related Party Disclosures for the period ended 31st March, 2019:

(a) Names of the Related Parties with whom Transactions have been entered during the year and description of Relationship:

Nature of relationship	Name of Party
(a) Related Parties where control exists :	
Subsidiaries	Steel City Commodities Private Limited
Group Companies	Steel City Financial Services Private Limited
(b) Other related parties :	
Key Management Personnel	Mr. K. Satyanarayana Mr. Satish Kumar Arya Mr. T.V. Srikanth

(c) Significant transaction with related parties:

(in Rupees)

Sl No.	Nature of Relationship	Name of the Related Party	Nature of Transaction					Brokerage Received
			Remu-neration	Corporate guarantee given	Advance Returned	Advance Taken	Dividend Paid/(received)	
1	Subsidiary Company	Steel City Commodities Private Ltd	-	4,00,00,000	2,93,379.96	2,93,379.96	-	-
2	Associate Company	Steel City Financial Services Private Ltd	-	-	-	-	2,41,250	-
3	Executive Chairman	K Satyanarayana	33,00,000	-	-	-	39,42,250	2,585.35
4	Managing Director	Satish Kumar Arya	30,00,000	-	-	-	22,89,600	12,01,562.38
5	Director IT	T.V. Srikanth	15,00,000	-	-	-	-	-
6	Director	G. Vishnu Vandana	-	-	-	-	64,38,750	-
7	Relative of Key Management - Wife of Sri K Satyanarayana	K Mahalakshmi	-	-	-	-	1,29,000	13,21,969
8	Relative of Key Management - son of Sri K Satyanarayana	K S V Ramesh Babu	6,29,000	-	-	-	2,53,250	665
9	Relative of Key Management - wife of Sri Satish Kumar Arya	Nirmala Devi Arya	-	-	-	-	1,17,000	1,964.91
10	Relative of Key Management Wife of Sri T.V. Srikanth	G. Sirisha	-	-	-	-	61,09,327.50	-
11	Relative of Key Management Husband of Smt. G. Vishnu Vandana	P. Madhu	15,00,000	-	-	-	-	-
	Total		99,29,000	4,00,00,000	2,93,379.96	2,93,379.96	1,95,20,427.50	12,19,997.33

Note: Transactions between group companies comprise of extension and return of temporary advances/adjustment of funds as identified by the Company's management from the Holding/Subsidiary Company's Current Account

(d) Amount due to / from related parties

(in Rupees)

Nature of Transaction	Due to / (from)
Steel City Commodities Private Limited	0.00
Steel City Financial Services Private Ltd.	10,55,291.00
K. Satyanarayana	0.00
Satish Kumar Arya	0.00
T.V. Srikanth	0.00



Note No.31

Defined Benefit Plan – Gratuity

The Company provides gratuity benefit to its employees, which is funded with Life Insurance Corporation of India. The following table sets out the funded status of the defined benefit scheme and the amounts recognised in the financial statements:

	As at 31-Mar-19 Rs.	As at 31-Mar-18 Rs.
Net Asset / (Liability) recognised in the Balance Sheet:		
Present Value of Defined Benefit Obligation	1,02,50,501	93,48,526
Fair Value of Plan Assets	1,04,78,021	93,58,397
Funded Status [Surplus / (Deficit)]	2,27,520	9,871
Unrecognised Past Service Costs	—	—
Net Asset / (Liability) recognised in the Balance Sheet	2,27,520	9,871
Change in Defined Benefit Obligations (DBO) during the Year:		
Present Value of DBO at the beginning of the Year	93,48,526	86,38,230
Current Service Cost	10,66,545	10,73,105
Interest Cost	6,89,033	6,14,264
Actuarial (Gains) / Losses	—	—
Past Service Cost	—	—
Benefits Paid	(8,23,317)	(4,39,945)
Actuarial loss/(gain) on obligation (balancing figure)	(30,286)	(5,37,128)
Present Value of DBO at the end of the Year	1,02,50,501	93,48,526
Change in Fair Value of Assets during the Year:		
Plan Assets at the beginning of the Year	93,58,397	72,20,971
Expected Return on Plan Assets	7,18,891	6,00,300
Actual Company Contributions	11,50,000	19,00,000
Actuarial Gain / (Loss)	74,050	77,071
Benefits Paid	(8,23,317)	(4,39,945)
Plan Assets at the end of the Year	1,04,78,021	93,58,397
Actual Return on Plan Assets	7,92,941	6,77,371
Composition of Plan Assets is as follows:		
Government Bonds	Not Received	Not Received
Debentures and Bonds	Not Received	Not Received
Fixed Deposits	Not Received	Not Received
Others	Not Received	Not Received
* - Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer.	1,04,78,021	93,58,397
Assumption used in accounting for Gratuity Plan:		
Discount Rate	7.58	7.71
Salary Escalation Rate	5.00	5.00
Expected rate of return on plan assets	7.59	7.55



Note No.32

Corporate Social Responsibility

- a) Gross Amount required to be spent by the Company during the year Rs.18,89,506.00
- b) Total Amount spent during the year is Rs.18,89,506.00 as detailed below:

Particulars	Amount (Rs.)
Amount Contributed to Sweekaram Education Society of Greater Visakhapatnam Municipal Corporation, Visakhapatnam	5,00,000.00
Amount Contributed to Prime Minister National Relief Fund	9,89,506.00
Amount Contributed to Lebenslife, Visakhapatnam	2,00,000.00
Amount Contributed to The Akshaya Patra Foundation, Visakhapatnam	2,00,000.00
Total	18,89,506.00

Note No.33

1. Business Segment:

- (i) The business segment has been considered as the primary segment.
- (ii) The Company's primary business segments are reflected based on principal business activities, the nature of service, the differing risks and returns, the organisation structure and the internal financial reporting system
- (iii) The Company's primary business comprises of two business segments viz., (1).Stock and Commodity Broking & DP Operations and (2). E-Governance Operations
- (iv) Segment revenue, results, assets and liabilities include amounts identifiable to each segments allocated on a reasonable basis.
- (v) The accounting policies adopted for segment reporting are in line with the accounting policies adopted for preparation of financial information

Particulars	Stock Broking & Commodity Broking & DP Operations	E-Governance Operations	Grand Total
A. Segment Revenue			
External Segment	26,08,41,848.15	37,80,29,020.77	63,88,70,868.92
Internal Segment	—	—	—
Total Revenue	26,08,41,848.15	37,80,29,020.77	63,88,70,868.92
B. Segment Results Profit/Loss	3,78,27,513.08	10,37,53,764.76	14,15,81,277.84
Less: Depreciation			95,77,923.19
Less: Income Taxes (Current, Deferred Tax)			4,43,90,150.92
Profit/(Loss) After Tax			8,76,13,203.73
C. Segment Assets	1,17,28,63,384.55	27,72,08,169.48	1,45,00,71,554.03
D. Segment Liabilities	40,65,53,013.96	18,43,80,062.30	59,09,33,076.26
E. Capital Expenditure	33,21,099.44	23,92,403.58	57,13,503.02
F. Depreciation	79,74,559.93	16,03,363.26	95,77,923.19



Note No.34

The details of the subsidiary included in the Consolidated Financial Statements is as under:

Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at 31st March (%)				
		2019	2018	2017	2016	2015
Steel City Commodities Private Ltd.	India	100.00	83.65	83.65	74.91	71.99

Note No.35

Additional Disclosure as per Schedule III of the Companies Act, 2013

(Rs. In lakhs)

Name of the Entity	Apr' 18 to March '19			
	Net Assets, i.e. total assets minus total liabilities		Share in profit	
	As % of amount consolidated net assets	Amount	As % of amount consolidated profit or loss	Amount
A. Parent				
Steel City Securities Limited	84.45%	7255.66	96.32%	866.92
B. Subsidiary				
Steel City Commodities Private Limited	16.06%	1380.20	1.02%	9.21
Total (A + B)	100.51%	8635.86	97.34%	876.13
Less : CFS adjustments and eliminations	(0.51%)	(44.48)	2.66%	23.90
Total	100.00%	8591.38	100.00%	900.03

Note No.36

Previous Year's figures have been regrouped/reclassified wherever necessary to confirm to the current year's classification/disclosures

In terms of our report attached
For SARC & ASSOCIATES
 Chartered Accountants
 Firm Reg.No.006085N

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
 Partner
 Membership No.206704

K SATYANARAYANA
 EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
 MANAGING DIRECTOR

G S R PRASAD
 DIRECTOR

PLACE: VISAKHAPATNAM
 DATE : 29.05.2019

N RAMU
 CHIEF FINANCIAL OFFICER

M SRIVIDYA
 COMPANY SECRETARY



PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the company : STEEL CITY SECURITIES LIMITED
 CIN : L67120AP1995PLC019521
 Registered office : 49-52-5/4, Shantipuram, Visakhapatnam-530016, Andhra Pradesh, INDIA

Name of the Member(s)		
Registered Address		
E-mail Id	Folio No /Client ID	DP ID
I/We, being the member(s) of _____ shares of the above named company. Hereby appoint		
Name :	E-mail Id:	
Address:		
Signature , or failing him		
Name :	E-mail Id:	
Address:		
Signature , or failing him		

as my/ our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of the company, to be held on the Saturday 14th September of 2019 at 11:45 a.m at Fortune Inn Sree Kanya, Member ITC's Hotel Group, 47-10-34 & 35, Dwarakanagar, Diamond Park, Sree Kanya Road, Visakhapatnam - 530016, Andhra Pradesh, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.

Sl. No.	Resolution(S)	Vote	
		For	Against
1.	Adoption of Statement of Profit & Loss, Balance Sheet, report of Director's and Auditor's for the Financial year ended 31 st March, 2019		
2.	To confirm the 1 st and 2 nd Interim Dividend and to declare final Dividend for the Financial Year 2018-19		
3.	To re-appoint Sri T.V. Srikanth, who retires by rotation		
4.	Retification of the appointment of M/s SARC & Associates, Chartered Accountants as Statutory Auditors of the Company & fixing the remuneration		

Signed this _____ day of _____, 2019

Signature of Shareholder Signature of Proxy holder

Affix
Revenue
Stamp

Signature of the shareholder
across Revenue Stamp

Note:

- 1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
- 2) The proxy need not be a member of the company



STEEL CITY SECURITIES LIMITED

49-52-5/4, Shantipuram, Visakhapatnam - 530 016

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Twenty Fifth (25th) Annual General Meeting on the Saturday 14th September of 2019 at 11:45 a.m at Fortune Inn Sree Kanya, Member ITC's Hotel Group, 47-10-34 & 35, Dwarakanagar, Diamond Park, Sree Kanya Road, Visakhapatnam - 530016, Andhra Pradesh, India.

Full name of the Member attending the Meeting _____
(in block letters)

Ledger Folio No./Client ID No. _____ No. of shares held: _____

Name of Proxy _____
(To be filled in, if the proxy attends instead of the member)

I hereby record my presence at the 25th Annual General Meeting of the Steel City Securities Limited at Fortune Inn Sree Kanya, Member ITC's Hotel Group, 47-10-34 & 35, Dwarakanagar, Diamond Park, Sree Kanya Road, Visakhapatnam - 530016, Andhra Pradesh, India on the 14th September, 2019 at 11:45 a.m.

(Member's /Proxy's Signature)

Note:

- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
- 2) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting.
- 3) A Proxy need not be a member of the Company.
- 4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.



Our MD at CPAI International Convention, New Delhi



Our Chairman & MD presenting Cheque to GVMC as part of CSR Activity

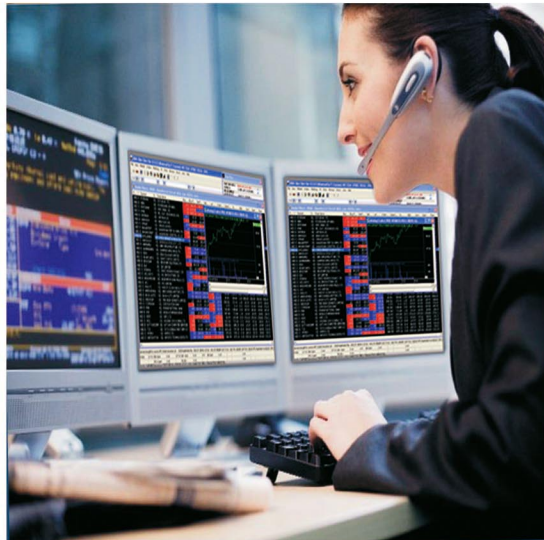


NPS Awareness Programme for Police Department, Vijayawada



Steel City Stall at NSE Investor Fair, Visakhapatnam

25th Annual Report 2018-19



To

If undelivered, Please return to :



STEEL CITY SECURITIES LIMITED

ISO 9001 : 2015 CERTIFIED COMPANY

CIN No. : L67120AP1995PLC019521

49-52-5/4, Shantipuram, Visakhapatnam - 530 016, A.P., India.

E-mail : scsl@steelcitynettrade.com

Website : <http://www.steelcitynettrade.com>