



**Independent Auditor's Report**

To the Members of Steel City Commodities Private Limited

**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of **STEEL CITY COMMODITIES PRIVATE LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, 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.

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in

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the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

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, 2018, and its Profit and its Cash Flow for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

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- 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.



**For A.V.Ratnam & Co.,**  
**Chartered Accountants**  
FRN:003028S

**Y V V SATYANARAYANA**  
**(Partner)**  
Membership No. :214256

Place: VISAKHAPATNAM  
Date: 28.05.2018



**"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, 2018:

- 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 Company does not have immovable properties as on date of Balance Sheet hence the clause no.1 ( c )does not applicable.
- 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.



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- 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, Sales tax, Service Tax, GST, Duty of Customs, Duty of Excise, Value added Tax, 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, 2018 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 income tax, sales tax, service tax, GST, duty of customs, duty of excise, value added tax outstanding on account of any dispute.
- 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.



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- 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 A.V.Ratnam & Co.,  
Chartered Accountants  
FRN:003028S



Y V V SATYANARAYANA  
(Partner)  
Membership No. :214256

Place: VISAKHAPATNAM  
Date: 28.05.2018



**"Annexure B" to the Independent Auditor's Report of even date on the Standalone Financial Statements of Steel City Commodities Private 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 COMMODITIES PRIVATE LIMITED ("the Company") as of March 31, 2018 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.

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### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For A.V.Ratnam & Co.,  
Chartered Accountants  
FRN:003028S



Y V V SATYANARAYANA  
(Partner)  
Membership No. :214256

Place: VISAKHAPATNAM  
Date: 28.05.2018





STEEL CITY COMMODITIES PVT LTD  
49-52-5/4, SHANTHIPURAM  
VISAKHAPATNAM - 530 016

STANDALONE BALANCE SHEET AS AT 31ST MARCH, 2018	Note No	As at	As at
		31-Mar-18	31-Mar-17
		Rs.	Rs.
<b>I. EQUITY AND LIABILITIES:</b>			
<b>1. Shareholders' Funds</b>			
a) Share Capital	3	10,000,000.00	10,000,000.00
b) Reserves and Surplus	4	127,098,730.97	125,729,057.86
<b>2. Non- Current Liabilities</b>			
a) Long-term borrowings	5	-	-
b) Deferred tax liabilities (net)	6	112,684.23	126,947.83
<b>3. Current Liabilities</b>			
a) Trade Payables	7	29,974,632.19	28,756,064.68
b) Other Current Liabilities	8	4,857,739.30	6,217,515.49
c) Short-term Provisions	9	3,636,310.00	2,584,390.00
<b>Total</b>		<b>175,680,096.69</b>	<b>173,413,975.85</b>
<b>II ASSETS</b>			
<b>1. Non Current Assets</b>			
<b>(a) Fixed Assets</b>			
i) Tangible Assets	10	1,943,432.70	2,268,191.09
ii) Intangible Assets	11	-	3,025.75
(b) Non Current Investments	12	25,395,880.00	22,900,000.00
(c) Long term Loans and Advances	13	11,065,630.00	11,052,060.00
(d) Other Non-current Assets	14	1,027,451.08	2,537,610.63
<b>2. Current Assets</b>			
(a) Current Investments	12	8,333,025.75	-
(b) Trade Receivables	15	10,174,024.65	11,067,699.60
(c) Cash and Cash Equivalents	16	79,857,490.80	119,938,065.91
(d) Short-term loans and advances	17	34,496,297.62	46,250.00
(e) Other Current Assets	18	3,386,864.09	3,601,072.87
<b>Total</b>		<b>175,680,096.69</b>	<b>173,413,975.85</b>

Overview & Significant Accounting policies 1 & 2  
The accompanying notes are an integral part of these Financial Statements

In terms of our report attached  
**For A.V.Ratnam & Co.,**  
Chartered Accountants  
Firm Reg.No.003028S

  
**Y V V SATYANARAYANA**  
Partner  
Membership NO.214256



**For STEEL CITY COMMODITIES PVT LTD**

  
**K SATYANARAYANA**  
DIRECTOR

  
**SATISH KUMAR ARYA**  
DIRECTOR



PLACE: VISAKHAPATNAM  
DATE : 28.05.2018



# STEEL CITY COMMODITIES PVT. LTD.

## STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2018

Particulars	Note No	Year Ended	Year Ended
		31-Mar-18	31-Mar-17
		Rs.	Rs.
I. Revenue from Operations	19	13,225,896.83	21,170,219.26
II. Other Income	20	13,665,961.52	9,522,940.91
III. Total Revenue (I+II)		<u>26,891,858.35</u>	<u>30,693,160.17</u>
IV. Expenses			
Expenditure on Trading Operations	21	194,338.18	148,524.18
Employee benefits expense	22	7,420,728.00	7,951,327.00
Finance Costs	23	444,284.88	304,540.33
Depreciation and amortisation expense	10&11	327,784.14	362,684.59
Other expenses	24	13,437,418.83	14,176,461.35
Total Expenses		<u>21,824,554.03</u>	<u>22,943,537.45</u>
V. Profit before tax (III-IV)		5,067,304.32	7,749,622.72
VI. Tax Expense			
1) Current Tax		1,188,130.00	2,351,960.00
2) Tax relating to prior years		116,604.80	53,861.88
3) Deferred tax		(14,263.59)	(54,879.25)
VII. Profit for the year (V-VI)		<u>3,776,833.11</u>	<u>5,398,680.09</u>
VIII. Earnings per share (of Rs.10/- each)	25		
a) Basic - Annualised		3.78	5.40
b) Diluted - Annualised		3.78	5.40

Overview & Significant Accounting policies

1 & 2

The accompanying notes are an integral part of these Financial Statements

In terms of our report attached

**For A.V.Ratnam & Co.,**

Chartered Accountants

Firm Reg.No.003028S

*[Handwritten Signature]*

**Y V V SATYANARAYANA**

Partner

Membership NO.214256



**For STEEL CITY COMMODITIES PVT LTD**

*[Handwritten Signature]*

**K SATYANARAYANA**

DIRECTOR

*[Handwritten Signature]*

**SATISH KUMAR ARYA**

DIRECTOR



PLACE: VISAKHAPATNAM

DATE : 28.05.2018



# STEEL CITY COMMODITIES PVT. LTD.

## STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2018

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
<b>A. Cash flow from Operating Activities</b>		
Net Profit Before Tax	5,067,304.32	7,749,622.72
Adjustment for:		
Depreciation and amortization expense	327,784.14	362,684.59
Provision for Diminution in Value of Investments	1,825,234.79	
Finance Costs	444,284.88	304,540.33
Interest Income	(8,088,468.31)	(8,852,113.25)
<b>Operating Profit before Working Capital Changes</b>	<b>(423,860.18)</b>	<b>(435,265.61)</b>
Trade Receivables	893,674.95	3,055,230.23
Other Receivables	(34,235,838.84)	(3,533,246.53)
Other Assets	1,496,589.55	115,810.96
Trade Payables	1,218,567.51	(7,222,266.61)
Other Payables & Provisions	201,675.51	(10,936,538.12)
<b>Change in Working Capital</b>	<b>(30,425,331.32)</b>	<b>(18,521,010.07)</b>
<b>Cash generated from Operations</b>	<b>(30,849,191.50)</b>	<b>(18,956,275.68)</b>
Income tax paid	(1,814,266.50)	(2,522,426.68)
<b>Net Cash generated from Operating Activities</b>	<b>(32,663,458.00)</b>	<b>(21,478,702.36)</b>
<b>B. Cash flow from Investing Activities</b>		
Purchase of Fixed Assets	-	(1,168,882.00)
Proceeds from Sale of Fixed Assets	-	-
Investments - (Purchase) / Sale	(12,654,140.54)	(6,000,000.00)
Interest Received	8,088,468.31	8,852,113.25
<b>Net cash used in investing activities</b>	<b>(4,565,672.23)</b>	<b>1,683,231.25</b>
<b>C. Cash flow from Financing Activities</b>		
Interest paid	(444,284.88)	(304,540.33)
Proceeds from borrowings	-	(58,293.00)
Dividend paid including tax on dividend	(2,407,160.00)	(2,407,160.00)
<b>Net cash used in Financing activities</b>	<b>(2,851,444.88)</b>	<b>(2,769,993.33)</b>
<b>D. Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	<b>(40,080,575.11)</b>	<b>(22,565,464.44)</b>
<b>E. Cash &amp; Cash Equivalents (Opening)</b>		
as on 1st April 2017 / 1st April 2016	119,938,065.90	142,503,530.34
<b>F. Cash &amp; Cash Equivalents (Closing)</b>	<b>79,857,490.79</b>	<b>119,938,065.90</b>
<b>Reconciliation of Cash and Cash Equivalents with the Balance Sheet:</b>		
Cash in hand	223,710.00	243,043.92
Cheques, draft on hand	75,000.00	948,770.00
Balances with Schedule banks		
in current accounts	12,180,144.57	14,701,248.76
in deposit accounts	67,378,636.23	104,045,003.23

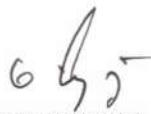
In terms of our report attached  
**For A.V.Ratnam & Co.,**  
Chartered Accountants  
Firm Reg.No.003028S



**Y V V SATYANARAYANA**  
Partner  
Membership NO.214256



**For STEEL CITY COMMODITIES PVT LTD**



**K SATYANARAYANA**  
DIRECTOR



**SATISH KUMAR ARYA**  
DIRECTOR



PLACE: VISAKHAPATNAM  
DATE : 28.05.2018



# STEEL CITY COMMODITIES PVT. LTD.

## Note No.1 : Company over view

Steel City Commodities Private Limited ("the Company") was incorporated on 07 October 2002. The Company is primarily engaged in the business as brokers for Commodities trading in various commodity exchanges.

## 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 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.

#### 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.

### 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. Leave encashment liability is provided on the basis of actual valuation made by the management at the end of each calendar year

iii. 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.

**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.





# STEEL CITY COMMODITIES PVT. LTD.

## Note No.3

### Share Capital

#### Authorised

10,00,000 (P.Y 10,00,000) Equity Shares of  
Rupees 10/- each

Total

As at  
31-Mar-18  
Rs.

As at  
31-Mar-17  
Rs.

10,000,000.00      10,000,000.00

10,000,000.00      10,000,000.00

#### Issued subscribed and paid up capital

10,00,000 (P.Y 10,00,000) Equity Shares of  
Rupees 10/- each, fully paid-up

10,000,000.00      10,000,000.00

10,000,000.00      10,000,000.00

#### Notes:

##### (i) 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. NIL/- (previous year Rs.2/- per share) and final Dividend recommended for distribution to equity shareholders is Rs.2/- (previous year Rs.NIL)

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

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

Name of the Shareholder	As at March , 2018		As at March, 2017	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Steel City Securities Limited	836500	83.65	836500	83.65
Satish Kumar Arya	132500	13.25	132500	13.25

(iii) 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

## Note No.4

### Reserves and Surplus

#### General Reserve

Balance at the beginning of the year

16,849,444.81      16,309,576.81

Add: Transfer from Surplus

377,683.31      539,868.01

Closing Balance

17,227,128.12      16,849,444.81

#### Surplus in statement of Profit and Loss

Opening Balance

108,879,613.05      106,427,960.97

Add: Net Profit/(Loss) for the current period

3,776,833.11      5,398,680.09

Amount available for appropriation

112,656,446.16      111,826,641.06

Appropriations:

Transfer to General Reserve

(377,683.31)      (539,868.01)

Interim Dividend

-      (2,000,000.00)

Interim Dividend Tax

-      (407,160.00)

Proposed Dividend

(2,000,000.00)      -

Proposed Dividend Tax

(407,160.00)      -

Closing Balance

109,871,602.85      108,879,613.05

Total

127,098,730.97      125,729,057.86

The Board of Directors at their meeting held on May 28, 2018 recommended a final dividend of Rs.2.00 per equity share





# STEEL CITY COMMODITIES PVT. LTD.

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
<b>Note No.5</b>		
<b>Long-term borrowings</b>		
Secured		
Vehicle Loans from Banks	-	-
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
<b>Note No.6</b>		
<b>Deferred tax liabilities (net)</b>		
<u>Tax effect of items constituting deferred tax liability</u>		
- Depreciation on fixed assets	144,587.21	158,850.80
Tax effect of items constituting deferred tax liability (A)	<hr/> 144,587.21	<hr/> 158,850.80
<u>Tax effect of items constituting deferred tax Asset</u>		
- Provision for Doubtful Debts	31,902.98	31,902.98
Tax effect of items constituting deferred tax Asset (B)	<hr/> 31,902.98	<hr/> 31,902.98
Deferred Tax liability (net) (A-B)	112,684.23	126,947.82
<b>Note No.7</b>		
<b>Trade payables</b>		
Trade Payables	1,307,187.37	2,329,515.68
Margin money from Trade Clients	28,667,444.82	26,426,549.00
	<hr/> 29,974,632.19	<hr/> 28,756,064.68
In order to secure the performance by the clients of their obligations, commitments & liabilities to the company they placed the margins with the company.		
<b>Note No.8</b>		
<b>Other Current Liabilities</b>		
Liability for expenses	4,857,739.30	6,217,515.49
	<hr/> 4,857,739.30	<hr/> 6,217,515.49
<b>Note No.9</b>		
<b>Short term provisions</b>		
Provision for Employee benefits		
- provision for gratuity	41,020.00	232,430.00
Provision for Taxation	1,188,130.00	2,351,960.00
Provision for Dividend	2,000,000.00	-
Provision for Dividend Tax	407,160.00	-
	<hr/> 3,636,310.00	<hr/> 2,584,390.00





## Note No.10 : Tangible Assets

Description	Gross Block at Cost				Depreciation					Net Block	
	As at 01.04.2017	Additions as on 31.03.2018	Deletions as on 31.03.2018	As at 31.03.2018	Up to 31.03.2017	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
Furnitures & Fixtures	237,585.00	-		237,585.00	36,561.94	10 yrs	22,570.58	-	59,132.52	178,452.48	201,023.06
Electrical Equipments	2,088,199.00	-	138,033.00	1,950,166.00	501,236.20	10 yrs	193,998.06	138,033.00	557,201.26	1,392,964.74	1,586,962.80
Computers	205,355.00	-	201,705.00	3,650.00	195,591.56	3-6 yrs	9,276.94	201,705.00	3,163.50	486.50	9,763.44
Vehicles	832,950.00	-	-	832,950.00	362,508.21	8 Yrs	98,912.81	-	461,421.02	371,528.98	470,441.79
Other Assets	-	-	-	-	-	5 Yrs	-	-	-	-	-
<b>Total</b>	<b>3,364,089.00</b>	<b>-</b>	<b>339,738.00</b>	<b>3,024,351.00</b>	<b>1,095,897.91</b>		<b>324,758.39</b>	<b>339,738.00</b>	<b>1,080,918.30</b>	<b>1,943,432.70</b>	<b>2,268,191.09</b>

## Note No.11 : Intangible Assets

Description	Gross Block at Cost				Depreciation					Net Block	
	As at 01.04.2017	Additions as on 31.03.2018	Deletions as on 31.03.2018	As at 31.03.2018	Up to 31.03.2017	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
Software	48,710.00	-	48,710.00	-	45,684.25	3 yrs	3,025.75	48,710.00	-	-	3,025.75
<b>Total</b>	<b>48,710.00</b>	<b>-</b>	<b>48,710.00</b>	<b>-</b>	<b>45,684.25</b>		<b>3,025.75</b>	<b>48,710.00</b>	<b>-</b>	<b>-</b>	<b>3,025.75</b>







# STEEL CITY COMMODITIES PVT. LTD.

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
<b>Note No.12</b>		
<b>Investments</b>		
<b>Long-term Investments:</b>		
<b>Other investments (unquoted) - Trade</b>		
<b>Associate:</b>		
9,60,000 (P.Y 960000) equity shares of Rs.10/- each of Steel City Financial Services Pvt Ltd (formerly known as Sri Geeta Sai Finvest Pvt Ltd)	12,900,000.00	12,900,000.00
<b>Other investments (unquoted) - Non- Trade</b>		
4,00,000 (P.Y 4,00,000) 9% Compulsory Convertible Cumulative Preference Shares of MELIORA ARC LTD	10,000,000.00	10,000,000.00
216 (P.Y ) 9% Compulsory Convertible Debentures of Redcliffe Hygiene Private Limited	2,495,880.00	-
	<u>25,395,880.00</u>	<u>22,900,000.00</u>
<b>Book Value of Unquoted Investments</b>	<b>25,395,880.00</b>	<b>22,900,000.00</b>
<b>Current Investments:</b>		
<b>Other investments (Quoted) - Trade</b>		
ANI Integrated Services Ltd 1200 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	120,000.00	-
Asian Paints Ltd 865 Qty (P.Y 0) of Rs.1/- (PY Rs.1/-) each	1,000,278.48	-
Cipla Ltd 3235 Qty (P.Y 0) of Rs.2/- (PY Rs.2/-) each	2,005,279.61	-
DLF Ltd 3950 Qty (P.Y 0) of Rs.2/- (PY Rs.2/-) each	1,003,564.14	-
India Cements Ltd 11000 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	2,020,944.80	-
Tata Motors Ltd 4650 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	2,004,664.41	-
Wockhardt Pharma Ltd 2190 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	2,003,529.10	-
	<u>10,158,260.54</u>	<u>-</u>
<b>Provision for Diminution in value of Investments</b>	<b>(1,825,234.79)</b>	<b>-</b>
	<u>8,333,025.75</u>	<u>-</u>
<b>Book Value of Quoted Investments</b>	<b>10,158,260.54</b>	<b>-</b>
<b>Market Value of Quoted Investments</b>	<b>8,333,025.75</b>	<b>-</b>
<b>Note No.13</b>		
<b>Long term Loans and Advances</b>		
<b>Unsecured, considered good</b>		
Interest free Security Deposits with Exchanges	10,500,000.00	10,500,000.00
Rental Deposits	530,000.00	530,000.00
Electricity Deposits	35,630.00	22,060.00
	<u>11,065,630.00</u>	<u>11,052,060.00</u>
<b>Note No.14</b>		
<b>Other Non-current Assets</b>		
Advance Income Tax	947,691.70	2,468,564.80
Prepaid expenses	79,759.38	69,045.83
	<u>1,027,451.08</u>	<u>2,537,610.63</u>
<b>Note No.15</b>		
<b>Trade Receivables</b>		
outstanding for a period exceeding Six months		
Unsecured, considered good	7,105,991.51	6,982,777.40
Unsecured, considered Doubtful	106,806.08	106,806.08
	<u>7,212,797.59</u>	<u>7,089,583.48</u>
<b>Less: Provision for Doubtful Debts</b>	<b>106,806.08</b>	<b>106,806.08</b>
	<u>7,105,991.51</u>	<u>6,982,777.40</u>
outstanding for a period between three to Six months		
Unsecured, considered good	138,366.13	18,381.51
<b>Other Debts - Less than Three Months</b>		
Secured, considered good	2,929,667.01	4,066,540.69
	<u>10,174,024.65</u>	<u>11,067,699.60</u>





# STEEL CITY COMMODITIES PVT. LTD.

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
<b>Note No.16</b>		
<b>Cash and Cash Equivalents</b>		
Cash on hand	223,710.00	243,043.92
Cheques, drafts on hand and transit	75,000.00	948,770.00
Balances with Banks		
- in current accounts	12,180,144.57	14,701,248.76
- Unclaimed dividend account	-	-
- in deposit accounts		
Against Bank Guarantees & other commitments	25,029,456.23	25,029,505.23
Deposit original maturity less than 12 months	42,349,180.00	78,540,156.00
Deposit original maturity more than 12 months	-	475,342.00
	<u>79,857,490.80</u>	<u>119,938,065.91</u>

deposit accounts includes an amount of Rs.2.00 Cr placed with HDFC bank pledged against the BG issued by them

## Note No.17

### Short-term loans and advances

#### Other loans and advances

Advance to employees

Others

9,000.00	46,250.00
34,487,297.62	-
<u>34,496,297.62</u>	<u>46,250.00</u>

Others includes an amount of Rs.3,39,20,000/- given as Inter-corporate loan to M/s. Omcon infrastructre Pvt Ltd.

## Note No.18

### Other Current Assets

Interest accrued on Fixed Deposits with Banks

Other Receivables

2,175,235.32	3,166,448.11
1,211,628.77	434,624.76
<u>3,386,864.09</u>	<u>3,601,072.87</u>

## Note No.19

### Revenue from Operations

Income from Operations

13,225,896.83	21,170,219.26
<u>13,225,896.83</u>	<u>21,170,219.26</u>

## Note No.20

### Other Income

Interest from Fixed Deposits

Insurance Commission

Profit on Sale of Investments

Dividend on Equity Shares

Pref.Dividend carrying 9% coupon rate

Bad Debts Recoveries

8,088,468.31	8,852,113.25
307,549.75	310,387.52
4,854,203.46	-
55,740.00	-
360,000.00	360,000.00
-	440.14
<u>13,665,961.52</u>	<u>9,522,940.91</u>

## Note No.21

### Expenditure on Trading Operations

Transaction Charges

Annual Subscriptions to Exchanges

V Sat Charges and Maintenance

Batteries, UPS Maintenance

-	-
75,375.00	150,750.00
(6,536.82)	(2,225.82)
125,500.00	-
<u>194,338.18</u>	<u>148,524.18</u>





# STEEL CITY COMMODITIES PVT. LTD.

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
<b>Note No.22</b>		
<b>Employee benefits expense</b>		
Salaries, wages and bonus	6,675,955.00	7,021,973.00
Contribution to:		
- Provident Fund and other Funds	579,889.00	636,844.00
- Gratuity	108,590.00	232,430.00
Staff Welfare Expenses	56,294.00	60,080.00
	<u>7,420,728.00</u>	<u>7,951,327.00</u>

a) 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.

b) 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.

c) Leave encashment: Leave encashment amount is paid to the employees at the end of the each calendar year.

## Note No.23

### Finance Cost

BG Commission and Charges	297,370.88	303,558.88
Interest Expenses	146,914.00	-
Other Borrowing Cost	-	981.45
	<u>444,284.88</u>	<u>304,540.33</u>

## Note No.24

### Other Expenses

Business Development	364,639.60	414,335.33
Computer maintenance including parts	981,715.35	1,083,680.50
Demat charges	6,790.55	5,725.00
Diminution in value of investments	1,825,234.79	-
Donations	15,000.00	15,000.00
Documentation Charges	20,000.00	-
Electricity Charges and maintenance	771,317.00	607,291.00
Fee to Company Secretary	30,000.00	30,000.00
Fees & Charges, Filing fee	296,912.73	196,399.51
Generator maintenance	25,731.00	20,404.00
Insurance	22,556.00	104,958.00
Legal, Consultancy and Professional fee	808,820.00	248,064.00
Office Maintenance	172,050.00	176,526.00
Office Rent	1,427,990.00	1,102,030.00
Payment to Auditors (Refer Note No.24.1)	195,000.00	195,675.00
Printing & Stationery, Postage and Other Charges	53,628.00	226,824.00
Provision for Doubtful Debts	-	106,806.08
Sub-brokerage	6,359,248.81	9,534,989.93
Subscriptions	39,500.00	82,988.00
Telephone Charges & Maintenance	1,300.00	1,528.00
Tours and Travels	-	5,608.00
Vehicle maintenance	19,985.00	17,629.00
	<u>13,437,418.83</u>	<u>14,176,461.35</u>





# STEEL CITY COMMODITIES PVT. LTD.

Note No.24.1

Payment to Auditors includes payments to Statutory Auditors towards

Statutory Audit Fee  
Taxation Matters  
Certifications

As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
---------------------------	---------------------------

40,000.00	40,675.00
-	80,000.00
-	15,000.00
<u>40,000.00</u>	<u>135,675.00</u>

Note No.25

Earnings per share (EPS)

Earnings

Shares

No. of Shares

E P S of par value of Rs.10/- basic & diluted - Annualised

3,776,833.11	5,398,680.09
1,000,000.00	1,000,000.00
3.78	5.40



**Note No.26**

Contingent Liability not provided for:

- a) Bank Guarantees extended by The HDFC Bank for Rs.4,00,00,000/-favouring MCX&NCDEX

**Note No.27**

Segment Reporting:

The Company is engaged in the business of providing Commodities broking . Accordingly the primary segments have been identified as Commodities broking . Thus, it operates in a single primary 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.28**

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.29**

The Income Tax Assessments of the Company have been completed up to the accounting year 2015-2016 relevant to the assessment year 2016-2017

**Note No.30**

Related party disclosures:

<b>Nature of relationship</b>	<b>Name of the party</b>
<b>(a) Related parties</b>	
<i>Holding Company</i>	<i>Steel City Securities Limited</i>
<i>Group Companies</i>	<i>Steel City Financial Services Private Limited</i>
<b>(b) Other related parties:</b>	
<i>Key Management Personnel</i>	<i>Mr. G Sree Rama Murthy</i>
	<i>Mr. K Satyanarayana</i>
	<i>Mr. Satish Kumar Arya</i>

(c) Significant transaction with related parties: (in Rupees)

SI No.	Nature of Relationship	Name of the Related Party	Remu-neration	Nature of Transaction				
				Corporate guarantee Taken	Advance Returned	Advance Taken	Dividend Paid/(received)	Brokerage Received
1	Holding Company -	Steel City Securities Limited	0.00	4,00,00,000.00	1,70,08,522.34	1,70,08,522.34	0.00	0.00
2	Director	G Sree Rama Murthy	0.00	0.00	0.00	0.00	0.00	0.00
3	Director	K Satyanara-yana	0.00	0.0	0.00	0.00	0.00	0.00
4	Director	Satish Kumar Arya	0.00	0.00	0.00	0.00	0.00	0.00
	<b>Total</b>		0.00	4,00,00,000.00	1,70,08,522.34	1,70,08,522.34	0.00	0.00

**Note: Transactions between group companies comprise of extension and return of temporary advances/adjustment entry 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 Securities Limited	0.00
G Sree Rama Murthy	0.00
K Satyanarayana	0.00
Satish Kumar Arya	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:

	31 <sup>st</sup> March 2018
Net Asset / (Liability) recognised in the Balance Sheet:	
Present Value of Defined Benefit Obligation	3,49,558
Fair Value of Plan Assets	3,08,538
Funded Status [Surplus / (Deficit)]	(41,020)
Unrecognised Past Service Costs	---
Net Asset / (Liability) recognised in the Balance Sheet	(41,020)
Change in Defined Benefit Obligations (DBO) during the Year:	
Present Value of DBO at the beginning of the Year	2,72,674
Current Service Cost	84,989
Interest Cost	19,352
Actuarial (Gains) / Losses	--
Past Service Cost	--
Benefits Paid	(7,798)
Actuarial loss/(gain) on obligation (balancing figure)	(19,659)
Present Value of DBO at the end of the Year	3,49,558
Change in Fair Value of Assets during the Year:	
Plan Assets at the beginning of the Year	1,99,453
Expected Return on Plan Assets	18,539
Actual Company Contributions	1,00,000
Actuarial Gain / (Loss)	(1,656)
Benefits Paid	(7,798)
Plan Assets at the end of the Year	3,08,538
Actual Return on Plan Assets	16,883
Composition of Plan Assets is as follows:	
Government Bonds	Not Received
Debentures and Bonds	Not Received
Fixed Deposits	Not Received
Others	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.	3,08,538
Assumption used in accounting for Gratuity Plan:	
Discount Rate	7.71
Salary Escalation Rate	5.00
Expected rate of return on plan assets	7.55





# STEEL CITY COMMODITIES PVT. LTD.

Note No.32

Figures of the Previous year have been regrouped wherever necessary, to confirm to the current year's presentation/classification

In terms of our report attached  
**For A.V. Ratnam & Co.,**  
Chartered Accountants  
Firm Reg.No.003028S

Y V V SATYANARAYANA  
Partner

Membership NO.214256



PLACE: VISAKHAPATNAM  
DATE : 28.05.2018

**For STEEL CITY COMMODITIES PRIVATE LIMITED**

K SATYANARAYANA  
DIRECTOR

SATISH KUMAR ARYA  
DIRECTOR

