

STEEL CITY SECURITIES LIMITED

ISO 9001 : 2015 CERTIFIED COMPANY



23rd Annual Report 2016-2017



STEEL CITY
As Strong As Steel

EMERGE
THE SME GROWTH PLATFORM

Welcome
to the Listing Ceremony of



Steel City Securities Limited

February 17, 2017

Merchant Banker to the Issue

KEYNOTE

NIFTY50

Stock of the nation



EMERGE
THE SME GROWTH PLATFORM

STEEL CITY SECURITIES LIMITED

Listing Ceremony



STEEL CITY SECURITIES LIMITED

Welcomes you



Steel City Securities Limited

STEEL CITY SECURITIES LIMITED

(CIN: U67120AP1995PLC019521)

VISAKHAPATNAM

23rd ANNUAL GENERAL MEETING

on Saturday, the 19th day of August, 2017 at 10.30 A.M
at 49-52-5/4, Shantipuram, 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. G. Sree Rama Murthy
Chairman & Managing Director
2. K. Satyanarayana
Executive Director – Surveillance
3. Satish Kumar Arya
Director (Operations)
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. Sudhakar & Kumar Associates
Chartered Accountants

SECRETARIAL AUDITORS:

M/s. ASN Associates
Company Secretaries
Visakhapatnam

REGISTRAR & TRANSFER AGENT:

Bigshare Services Private Limited
306, Right wing, Amrutha Ville,
Opp: Yashodha Hospital
Somajiguda, Raj Bhavan Road
Hyderabad – 500 082

Telephone No : 040 – 2337 4967
Fax : 040 – 2337 0295
Email : bsshyd@bigshareonline.com

BANKERS:

HDFC Bank Ltd
Karnataka Bank Ltd
Karur Vysya Bank Ltd



COMPOSITION OF BOARD COMMITTEES

AUDIT COMMITTEE	STAKEHOLDERS RELATIONSHIP COMMITTEE
<ol style="list-style-type: none">1. G. Satya Rama Prasad – Chairman2. Ch. Murali Krishna – Member3. B. Krishna Rao - Member	<ol style="list-style-type: none">1. Ch. Murali Krishna – Chairman2. Satish Kumar Arya – Member3. M. H. Jagannadha Rao - Member
NOMINATION AND REMUNERATION COMMITTEE	CORPORATE SOCIAL RESPONSIBILITY COMMITTEE
<ol style="list-style-type: none">1. Ch. Murali Krishna – Chairman2. G. Satya Rama Prasad - Member3. B. Krishna Rao - Member	<ol style="list-style-type: none">1. G. Sree Rama Murthy – Chairman2. K. Satyanarayana – Member3. G. Satya Rama Prasad - Member
INTERNAL COMPLAINTS COMMITTEE	IPO COMMITTEE
<ol style="list-style-type: none">1. G. V. Vandana – Chairperson2. Satish Kumar Arya – Member3. Srividya - Member	<ol style="list-style-type: none">1. G. Sree Rama Murthy – Chairman2. K. Satyanarayana – Member3. Satish Kumar Arya – Member4. B. Krishna Rao – Member



Message from the Chairman

Dear Shareholders,

The foundation of our organization was built-up through hard work and trustworthiness which has resulted in outstanding achievements in 23 years of relentless journey. In this journey our management has framed many strong policies and procedures to meet the regulatory guidelines at all times. The growth story of our organization started with 1 Cr paid-up capital having basic need of infrastructure and work-force to provide stock broking services. Keeping continuous upward tempo in our business expansion, we became the leader and trend-setter in the stock broking including Depository services throughout AP and neighboring states.

Our underline strength is that we never deter in maintaining the business continuity and development even at unfavorable market conditions. This stand made us a trusted brand and image in the retail stock broking industry and will continue in future. Our financial strength has built by the steady growth adding more products like Commodity trading, Mutual Funds, Insurance, NBFC and NPS to capture the untapped business opportunities to extend our footprint of business operations.

Our hard-earned brand and image has given us a strong support to venture into e-Governance services PAN India. In a very short span of 2 years, we have established more than 4000+ business outlets covering 29 states and 4 union territories. This is very phenomenal growth and stood at one of the top position (country-wide) as per market statistics of e-Governance Services. We are also ready for GST services as a part of e-Governance single tax drive of the government. We also have e-KYC and Digital Signature segments in pipeline.

Since Technology is the fuel for the growing business, our management is cognizant in strengthening the infrastructure at par with industry to ensure the business continuity. We have well-build surveillance to prevent from the vulnerable threats for our entire business operations.

In the recent past our Company has listed on National Stock Exchange at NSE-EMERGE to build our brand and image further and stronger across the country. As we are almost zero-debt organization, our future towards business expansion and services will create a new mile stones in our growth story.

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. Our management is well committed towards welfare of the employees and guiding them to deliver quality and successful output.

I would like to express my gratitude to our Board of Directors for their support and also grateful to all our stakeholders and employees who have maintained continuous trust on us towards a great future.

Yours Sincerely,

G.SREE RAMA MURTHY

Chairman and Managing Director



BUSINESS OVERVIEW OF THE COMPANY

Background

Steel City Securities Limited ('Steel City' / 'Our Company') is a leading stock broking and e-Governance service Company having presence pan India established in 1994. 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. It is an ISO 9001:2008 certified Company having business operations in 30 (thirty) states 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 Company is promoted by dynamic personalities each having experience in and capital markets of more than 2 (two) decades. Company proposes to make an IPO comprising of Offer for Sale and Fresh Issue to raise funds and attain coveted 'listed' status on, NSE at its SME platform i.e. NSE EMERGE.

Business Overview

The business verticals of the Company are enumerated as follows:

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.

'Steel City' has been empanelled as enrollment agency under Unique Identification Authority of India (UIDAI).



e-Governance products served by 'Steel City' include PAN, TAN, E-TDS, AIR, Form 24G, AADHAAR Card.

'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.

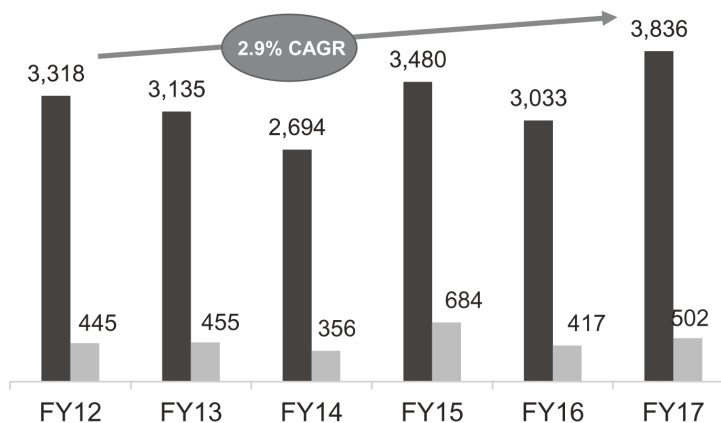
'Steel City' is one of the competent broking outfit who has been recognized and authorized to provide above e-governance services by Government of India.

With implementation of GST the service providers in e-governance business would stand to immensely benefit

All centres of Steel City can also service customers for GST

Financial Highlights :

**Consolidated Annual Revenue and Profit
(Rs. in Lakhs)**



Statistical data (TIN –FC):

(number)

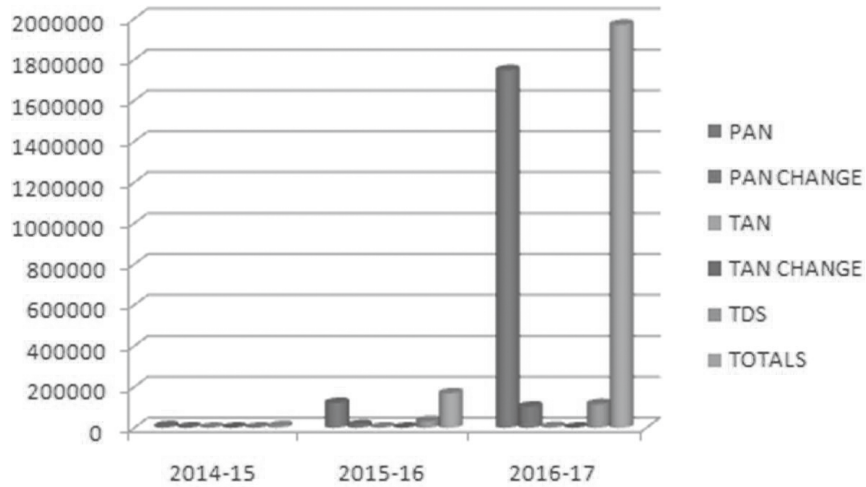
Period	PAN		TAN		TDS	TOTAL
	New	Change	New	Change		
2014-15 *	7,084	665	8	0	122	7,879
2015-16	1,21,032	12,652	955	161	33,371	1,68,171
2016-17 **	17,47,796	1,02,625	3,604	238	1,15,383	19,69,646
Total	18,75,912	1,15,942	4,567	399	1,48,876	21,45,696

* Since September 2014;

** Till 31st March 2017



TIN-FC YEARLY PERFORMANCE (GRAPH)

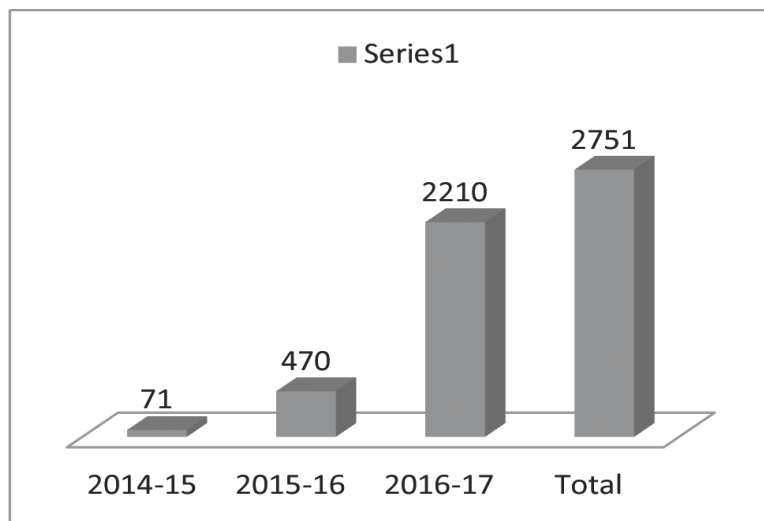


TIN-FC YEAR WISE BRANCH EXPANSION NETWORK

Period	No. of Locations
2014-15 *	71
2015-16	470
2016-17 **	2210
Total	2751

* Since September 2014; **Till 31st March 2017

TIN-FC BRANCH EXPANSION NETWORK (GRAPH)



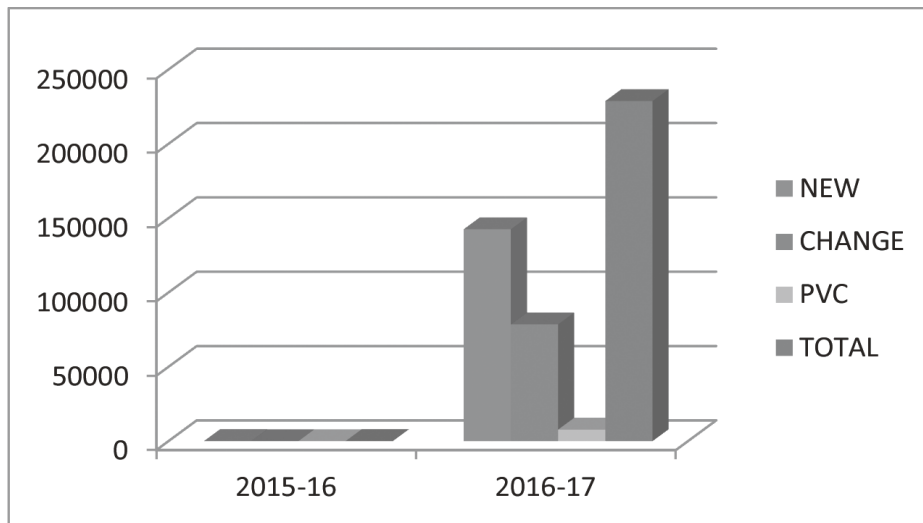
* Since September 2014, **Till 31st March 2017



AADHAAR KENDRA MONTHLY PERFORMANCE

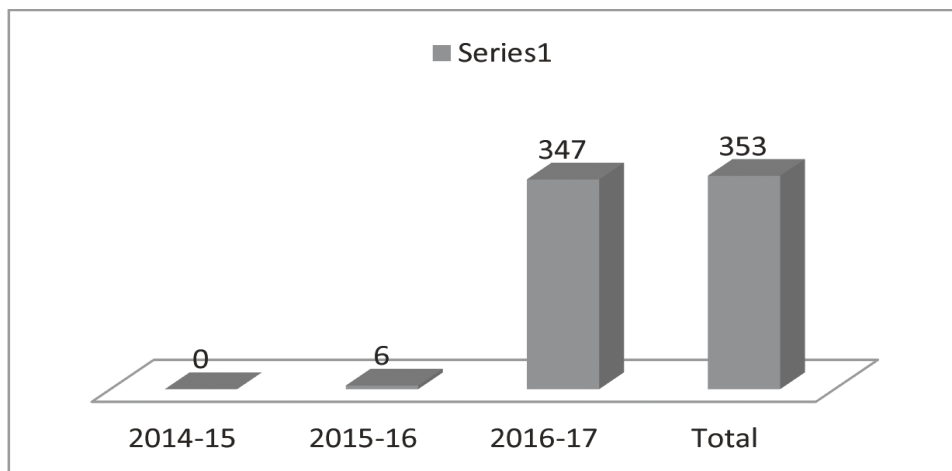
MONTHS	NEW	CHANGE	PVC	TOTAL
2015-16*	26	9	0	35
2016-17**	142513	78517	7749	228779

*Since March 2016, ** Till 31st March 2017



Period	No. of Locations
2014-15	0
2015-16	6
2016-17 **	347
Total	353

**Till 31st March 2017





In progress

GST (Goods and Services Tax)

E-KYC

E-Signature

DRS (Disaster Recovery Site)

Infrastructure

'Steel City' provides services to its clients through a network of 72 branches, 7 sub-brokers and 1193 authorised set ups spread in 30 states/ union territories.

Company has registered office at Visakhapatnam covering area of about 14000 sq.ft. and 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 centres of authorized set ups covers an average area of about 400-1000 sq.ft. per centre.

'Steel City' has countrywide V-SAT based trading terminals installed to access and trade in all segment like Capital market, Futures & Options & Commodity and Currency Trading.

Company has opted for extended C band V-SAT equipment to ensure zero downtime in network connectivity.

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.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Third Annual General Meeting of the Members of Steel City Securities Limited will be held on Saturday, the 19th day of August, 2017 at 10.30 A.M at the Registered Office of the Company situated at 49-52-5/4, Shantipuram, Visakhapatnam – 530016, Andhra Pradesh, India to transact the following business:

ORDINARY BUSINESS:

1. To receive, 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, 2017 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 2017, consisting of Balance Sheet as at 31st March, 2017, Statement of Profit and Loss Account and Cash flow Statement for the year ended 31st March, 2017 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 Interim Dividend on Equity Shares and declare a Final Dividend of Rs. 1/- for every Equity Share of Rs. 10/- each i.e., @10% for every Equity Share for the Financial Year 2016-17.

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

“RESOLVED THAT an 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 10th March, 2017, be and is hereby confirmed. “

“FURTHER RESOLVED THAT a Final Dividend @ 10% i.e., Rs. 1 /- (Rupee One Only) per Equity Share of the Company for the Financial Year 2016-17, as recommended by the Board of Directors be and is hereby declared and approved.”

3. To re-appoint Sri K. Satyanarayana 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. K. Satyanarayana (DIN: 00045387), who is liable to retire by rotation, be and is hereby re-appointed as Director subject to retirement by rotation.”



4. APPOINTMENT OF AUDITORS:

To appoint M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) as Statutory Auditors of the Company for the Financial Year 2017-18, in place of M/s. Sudhakar & Kumar Associates, Chartered Accountants who shall retire at the ensuing AGM .

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, M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) be and are hereby appointed as Statutory Auditors of the Company for the Financial Year 2017-18 in place of M/s. Sudhakar and Kumar, Chartered Accountants, Visakhapatnam (FRN: 004165S), 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: 30.06.2017

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

(G. SREE RAMA MURTHY)
CHAIRMAN AND MANAGING DIRECTOR
(DIN: 00804317)

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 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 11-08-2017 to 18-08-2017 (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. 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 NSDL, 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 Kuchipudi, Practicing Company Secretary (CP No.12732) and failing him Sri. Satyanarayana. A, Practicing Company Secretary (CP No.2354) 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. 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.
13. 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.

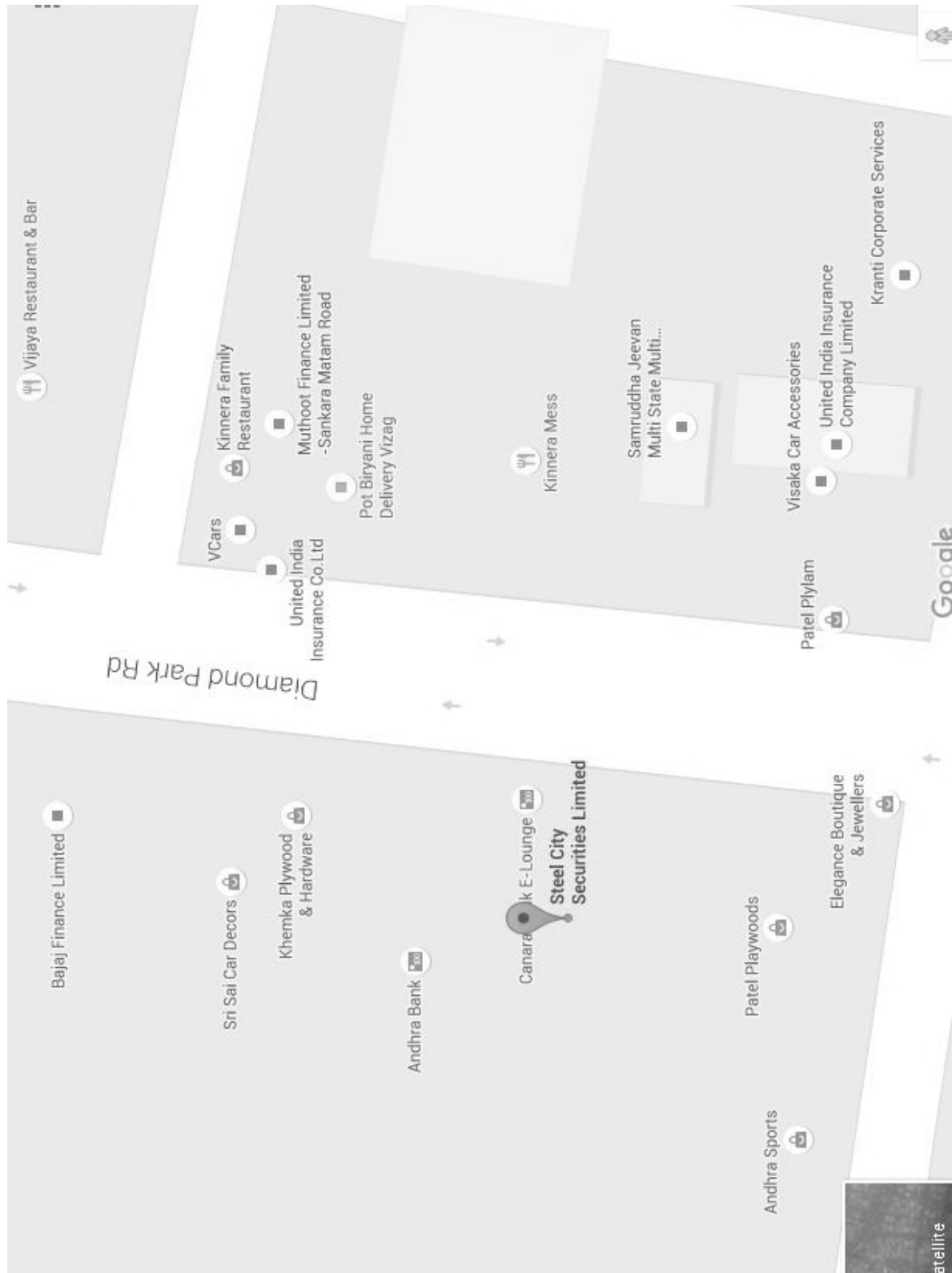
Details of Director Seeking Re-appointment at the Annual General Meeting

Particulars

Name	Sri. K. Satyanarayana
Date of Birth	04.04.1950
Date of Appointment	22.02.1995
No. of Shares held in the Company	15,76,900



Route Map to the venue of Annual General Meeting:





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 Third Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended 31st March, 2017 and the Report of the Auditors thereon.

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

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Gross Income	3544.70	2666.66	3836.35	3032.63
Expenditure	2792.44	2034.81	3018.25	2316.32
Profit before Depreciation & Taxation	752.26	631.45	818.11	716.31
Less: Depreciation	60.49	59.53	64.11	67.76
Profit before Taxation	691.77	571.92	753.99	648.55
Less: Provision for Taxation				
For earlier years	1.26	1.98	274.20	221.93
For current year	250.68	178.88	1.80	1.54
Deferred Tax Liability	(25.50)	(1.85)	(26.05)	(3.46)
Provision for FBT	-	-	-	-
Net Profit after Taxation	465.33	392.90	504.04	428.55
Profit after Tax and Share of Profit in Associate	-	-	511.25	437.72
Less: Minority Interest	-	-	(9.42)	(21.16)
Profit for the Year	465.33	392.90	501.83	416.56
Add: Balance brought forward from earlier year	2854.68	2679.88	3928.13	3746.49
Balance available for appropriations	3320.00	3072.78	4255.95	3895.44
Less: Amount transferred to Reserves	46.53	39.29	51.93	47.72
Less: Interim Dividend and Dividend Tax	178.72	178.82	187.51	178.82
Less: Proposed Dividend and Dividend Tax	181.83	-	181.83	29.54
Balance carried forward to P & L A/c	2912.93	2854.67	3834.68	3639.35



2. DIVIDEND:

The Board of Directors of the Company at their meeting held on the 10th day of March, 2017 has declared an Interim Dividend @ 10% for every Equity Share of Rs. 10/- each after considering the Provisional Financials of the Company. The Board further recommends a Final Dividend @ 10% for every Equity Share of Rs. 10/- each after taking into consideration the Financial position of the Company.

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

Standalone:

During the year under review, the Company has recorded an Income of **Rs. 3544.70** Lakhs as compared to the previous year amount of **Rs. 2666.66** Lakhs. The Expenditure incurred before depreciation during the year was **Rs. 2792.44** Lakhs as against the amount of **Rs. 2034.81** Lakhs during the previous year. The depreciation and provision for taxes provided during the year were **Rs. 60.49** Lakhs and **Rs. 226.44** Lakhs respectively as compared to the depreciation and provision for taxes provided for the previous year were **Rs. 59.53** and **Rs. 179.01** Lakhs respectively. Hence, the Company has earned a Net Profit of **Rs. 465.33** Lakhs as compared to the previous year amount of **Rs. 392.90** Lakhs. During this year, the Net Profit has increased @ **18.43%** as compared to the previous year as the market activity regained its growth 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 keeping in view the same the Company got itself registered to act as an Empanelment Agency for UIDAI during the Financial Year 2015-16 and has opened around 2000+ Franchises during the Financial Year 2016-17. 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. 3836.35** Lakhs as compared to the previous year amount of **Rs. 3032.63** Lakhs. The Expenditure incurred before Depreciation during the year was **Rs. 3018.25** Lakhs as against the amount of **Rs. 2316.32** Lakhs during the previous year. The depreciation and provision for taxes provided during the year were **Rs. 64.11** Lakhs and **Rs. 249.95** Lakhs respectively as compared to the depreciation and provision for taxes provided for the previous year were **Rs. 67.76** Lakhs and **Rs. 220.01** Lakhs respectively. Hence, the Company has earned a Net Profit of **Rs. 504.04** Lakhs before considering Minority Interest and Share of Associate and **Rs. 501.83** Lakhs after considering Minority Interest and Share of Associate as compared to the previous year amount of **Rs. 428.55** Lakhs before considering Minority Interest and Share of Associate **Rs. 416.56** Lakhs after considering Minority Interest and Share of Associate. The Net Profit for the year 2016-17 increased by **20.47%** as compared to the Net Profit for the year 2015-16. The Board considered the matter and has formulated - necessary business plans to increase the profit of the Company during the current Financial Year 2017-18.

4. MILESTONES ACHIEVED:

The Board is happy to inform you that the Company got itself listed on the Emerge platform of National Stock Exchange during the Financial Year 2016-17. Your Company is having its footprint in 30 States and Union Territories across India and is operating through more than 70 owned branches, more than 3500 Franchises and is having more than 3000 Authorised Persons working under the Company. During the Financial Year 2016-17, your Company has started the e-Governance business and also has obtained the permission to provide E- Sign services.



5. GROWTH PROSPECTS FOR INDIAN CAPITAL MARKET IN 2017:

In this era of global interconnectedness, Indian markets march in lockstep with the rest of the world. So, global cues such as the US Federal Reserve's interest-rate decisions and dollar strength matter a lot. That said, 2017 will reveal how deep an impact demonetisation of high-value banknotes will have on economic growth and, in turn, the markets, and for how long. How quickly the economy and companies shake off the note ban effects will determine India's share of foreign fund inflows.

Companies have lined up a slew of initial public offerings (IPOs) for 2017, but market conditions will determine whether they will indeed go ahead. After an eventful 2016, the new year is also likely to see interesting niche companies such as stock exchange operators, a matrimonial website, supermarket and skincare chain raise funds from the public.

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

In compliance with the requirement of Section 2(87) of the Companies Act, 2013, Directors' Report along with the Statement of Accounts of M/s. Steel City Commodities Private Limited, Subsidiary of your Company, for the year ended 31st March 2016 are appended to the Annual Report.

Steel City Commodities Private Limited

Steel City Commodities Private Limited became Subsidiary of the Company in 2004 is in the business of Commodities Brokers as the Member of Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX). 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 2016-17, the Subsidiary has earned a Net Profit of Rs. 53.99 Lakhs as against the Net Profit of Rs. 84.33 Lakhs for the Financial Year 2015-16. The profit of the Company decreased by 35.98% as compared to the F.Y. 2015-16.

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 to its client by providing Personal Loans etc., During the Financial Year 2016-17, the Associate Company has earned a Net Profit of Rs. 16.47 Lakhs as against the Net Profit of Rs. 25.69 Lakhs for the Financial Year 2015-16. The Profit of the Company decreased by 35.89% as compared to the F.Y. 2015-16.

7. 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, 2017, the Company has not received any complaint pertaining to sexual harassment.

8. ISO CERTIFICATION:

The Company has upgraded its status of ISO 9001:2008 certification to 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.



9. NUMBER OF MEETINGS OF THE BOARD:

During the F.Y. 2016-17 the Board of Directors met for 13 (Thirteen) times to discuss about the business and other important matters relating to the Company and the details of the meetings of the Board mentioned in the Corporate Governance Report, which forms part of this report.

10. 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 – 5.

11. 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.

12. AUDITORS:

(a) Statutory Auditors:

At the Annual General Meeting held on the 30th day of July, 2016, the appointment of M/s. Sudhakar & Kumar, Chartered Accountants, Visakhapatnam (FRN: 004165S) was ratified by the Shareholders to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. Since the term of the Statutory Auditors is completed as per the provisions of Section 139 of the Companies Act, 2013, the Board wish to recommend the appointment of M/s. SARC Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) as Statutory Auditors of the Company in place of M/s. Sudhakar & Kumar Associates, Chartered Accountants for the Financial Year 2017-18 in the forth coming Board Meeting.

(b) Internal Auditors:

M/s. Rao & Manoj Associates, Chartered Accountants, Visakhapatnam were appointed as the Internal Auditors of the Company for the Financial Year 2016-17, 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 as Internal Auditors for the Financial Year 2017-18 also. These Auditors Report directly to the Chairman of the Board of Directors.

Mr. Y.S.N. Murthy, Chartered Accountant, Visakhapatnam were appointed as Internal Auditors of the Company for the Financial Year 2016-17, who are 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 these Auditors, the Board proposes to appoint them as Internal Auditors for the Financial Year 2017-18 also. These Auditors Report 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 2016-17. As the Board is satisfied with the performance of these Auditors, the Board proposes to appoint them as Internal Auditors for the Financial Year 2017-18 also.



(c) **Systems Auditors:**

M/s. Kochar & Associates, Chartered Accountants, Mumbai were appointed as the Systems Auditors of the company and also as per the NSE, BSE and MCX-SX Exchanges notified Rules & Regulation from time to time for the Financial Year 2016-17. As the Board is satisfied with the performance of these Auditors, the Board proposes to appoint them as Internal Auditors for the Financial Year 2017-18 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 2016-17. The Secretarial Audit Report for the Financial Year 2016 - 17 form part of the Annual Report as Annexure- 8 to the Board Report. As the Board is satisfied with the performance of these Auditors, the Board proposes to appoint them as Internal Auditors for the Financial Year 2017-18 also.

13. **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.

14. **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.

15. **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 - 3 to the Board's Report.

16. **MANAGEMENT DISCUSSION ANALYSIS:**

Management Discussion & Analysis is given as an 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



17. 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 –2. 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.

18. 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. 1407743/- including an amount of Rs. 36,643 /- which remained unspent during the Financial Year 2015-16, 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, 2017, 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 – 4.

19. 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 appended as Annexure - 7 to the Board's Report.

20. 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.

21. THE BOARD AND KMP:

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

The Company has appointed Sri. M. H. Jagannadha Rao and Sri. B. Krishna Rao as Independent Directors and Smt. G. V. Vandana as Woman Director of the Company at the Annual General Meeting of the Company held on the 30th day of July , 2016.

(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 (DIN: 00045351), Sri Murali Krishna Cherukuri (DIN: 00045403), continue as Independent Directors of the Company and the Board has appointed Sri B. Krishna Rao and M.H. Jagannadha Rao as Independent Directors of the Company at the AGM to be held on 30th July, 2016.

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 K. Satyanarayana (DIN: 00045387), 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 Guruv Sree Rama Murthy Chairman and Managing Director, Sri Kamireddy Satyanarayana and Sri Satish Kumar Arya as the Whole-Time Directors, Sri Ramu Naraharasetti, Chief Financial Officer (CFO) and Smt. M. Srividya, Company Secretary continue to hold the office as KMP of the Company.

22. 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.

23. 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 given as your Company has not paid any remuneration attracting these provisions.

24. 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 2017, 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.

25. 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.

26. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the Financial Year to which this Financial Statement relate to and the date of this report.

27. 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).

28. 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.

29. 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.

30. 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.



31. 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.

32. INSURANCE:

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

33. 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.

34. 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.

35. STATUS OF UTILIZATION OF PROCEEDS RAISED FROM IPO:

The Company has raised an amount of 1499.40 Lakhs through Initial Public Offer by getting itself listed on the Emerge Platform of National Stock Exchange of India Limited. The table below depicts the status of the utilization of the proceeds raised by the Company from IPO:

Particulars	Amount in Lakhs
Issue Proceeds	1499.40
Less: Utilisation of IPO proceeds upto March 31, 2017	715.61
Funds to be utilized (remain invested in Bank Deposits)	783.79



36. 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.

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

Your Company has transferred a consolidated amount of Rs. 4,80,200/- of Unclaimed Dividend as and when they became due to Investor Education and Protection Fund (IEPF) during the Financial Year 2016-17.

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., 30th July, 2016), with the Ministry of Corporate Affairs.

38. 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, , MCX Stock Exchange Ltd (MCX-SX), Forward Market Commission (FMC), 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: 27-05-2017

(G. Sree Rama Murthy)
Chairman and Managing Director
(DIN: 00804317)

(G. Satya Rama Prasad)
Director
(DIN: 00045351)



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": 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	01.04.2016 to 31.03.2017
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. 12,57,29,057.86
6.	Total assets	Rs. 17,34,13,975.85
7.	Total Liabilities	Rs. 17,34,13,975.85
8.	Investments (Non- current)	Rs. 2,29,00,000.00
9.	Turnover	Rs. 3,06,93,160.17
10.	Profit before taxation	Rs. 77,49,622.72
11.	Provision for taxation	Rs. 23,50,942.63
12.	Profit/Loss after taxation	Rs. 53,98,680.09
13.	Proposed Dividend	-
14.	% of shareholding	83.65%



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	31.03.2017
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%	21.88%
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	Rs. 1357.29 Lakhs
6. Profit/Loss for the year	
i. Considered in Consolidation	Rs. 7.20 Lakhs
ii. Not Considered in Consolidation	NA

In terms of our report attached
For **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.0041655

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No.26820

G.SREE RAMA MURTHY
CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 27.05.2017

G S R PRASAD
DIRECTOR

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



ANNEXURE - 2

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, MCX-SX, 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, MCX, MCX-SX, 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, AADHAAR Cards, E-sign Services and Annual Information Return (AIR) and Form 24G. 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 and Sub-Brokers 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 3000 Authorised Persons and more than 3500 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. 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 31.03.2017, 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 Guruv Sree Rama Murthy	00804317	Chairman and Managing Director
Promoter Executive	Sri Kamireddy Satyanarayana	00045387	Executive Director (Surveillance)
Promoter Executive	Sri Satish Kumar Arya	00046156	Director-Operations
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
Non-executive	Smt. Guruv Vishnu Vandana	07548398	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 2016-17, Thirteen 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 July 30th 2016
Sri Guruv Sree Rama Murthy	Executive Director	13	Yes
Sri Kamireddy Satyanarayana	Executive Director	13	Yes
Sri Satish Kumar Arya	Executive Director	13	Yes
Sri G.Satya Rama Prasad	Non-Executive Independent	13	Yes
Sri Murali Krishna Cherukuri	Non - Executive Independent	13	Yes
Sri Malla Hara Jagannadha Rao	Non - Executive Independent	13	Yes
Sri Bheri Krishna Rao	Non - Executive Independent	11	Yes
Smt. G.V. Vandana	Non - Executive	11	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.	G. Sree Rama Murthy	46,29,831	30.65
2.	K. Satyanarayana	15,76,900	10.44
3.	Satish Kumar Arya	7,95,840	5.27
4.	Steel City Financial Services Pvt. Ltd.	7,98,500	5.28
5.	G.V.Vandana	1,66,500	1.10
6.	G.Sirisha	1,28,900	0.85
7.	K.S.V.Ramesh Babu	91,300	0.60
8.	K. Mahalakshmi	51,600	0.34
9.	K. Mrudula	10,400	0.07
10.	K.Geeta Vara Lakshmi	15,000	0.10
11.	Nirmala Devi	46,800	0.31
12.	Sachin Arya	800	0.01
13.	Suman Arya	1,600	0.01
	Total	83,13,971	55.03



4. COMMITTEES OF THE BOARD:

Currently, the Board has Six Committees: the Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee and Internal Complaints Committee and IPO Committee. All Committees, except the Corporate Social Responsibility Committee, Internal Complaints Committee and IPO 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 Murali Krishna Cherukuri Krishna Rao Bheri 	<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. G. Satya Rama Prasad Krishna Rao Bheri 	<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 Satish Kumar Arya Hara Jagannadha Rao Malla 	<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. Guruv Sree Rama Murthy 2. Kamireddy Satyanarayana. 3. G.Satya Rama Prasad 	<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.
Sexual Harassment Committee	<ol style="list-style-type: none"> 1. G. V. Vandana 2. Satish Kumar Arya 3. M. Srividya 	<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.
IPO Committee	<ol style="list-style-type: none"> 1. G. Sree Rama Murthy 2. K. Satyanarayana 3. Satish Kumar Arya 4. Krishna Rao Bheri 	<ol style="list-style-type: none"> 1. to decide the terms and conditions of the Issue, finalisation and filing of the Draft Red Herring Prospectus / Draft Prospectus and Red Herring Prospectus / Prospectus with SEBI, the Stock Exchanges and other regulatory bodies as may be required; 2. To handle all matter relating to appointment of intermediaries and advisors in relation to the IPO 3. To carry out all acts including finalizing allotment and take all decisions/ steps as may be necessary for the purposes of the IPO and listing.

5. EMPLOYEES:

Continuous Employee Training Programs including seminars 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 is 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 and Managing Director.



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 - 3, It Indicates "Above Average" level of Credit worthiness adjudged in relation to other SMEs

8. CLIENTS:

Highest priority and commitment to meet clients' requirements as stated in the Quality Policy of the Company.

9. OTHER STAKEHOLDERS:

The Company is always concern 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. 14,07,742.99 on CSR activities during the Financial Year 2016-17 including an amount of Rs. 30, 643 which remained unspent during the Financial Year 2015-16.

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) Financial Year : 2016-17
- b) Name and Address of the Stock Exchange where the Shares are listed:
National Stock Exchange of India Limited (Emerge Platform)
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. REGISTRARS 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,
E-3, Ansa Industrial Estate,
Saki Vihar Road Sakinaka,
Mumbai - 400 072,
Phone : 040 - 23374967
Fax : 040 – 23370295
E-Mail : bsshyd@bigshareonline.com
Website : www.bigshareonline.com

16. ADDRESS FOR CORRESPONDENCE:

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 : U67120AP1995PLC019521



Auditors' Certificate on Corporate Governance

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, 2017 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 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**
Company Secretaries

Sd/-
Satyanarayana A
Partner
FCS No.: 3986
C P No.: 2354

Place: Visakhapatnam
Date: 27.05.2017



ANNEXURE - 3

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

(a) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

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) 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	2016-17	2015-16
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	Nil

(c) TECHNOLOGY ABSORPTION:

Not Applicable.

Date : 27.05.2017
Place: Visakhapatnam

Sd/-
G. Sree Rama Murthy
Chairman & Managing Director



ANNEXURE - 4

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 01/04/2016 to 31/03/2017. 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. CSR committee comprises:

1. Sri G.Sree Rama Murthy.
2. Sri K.Satyanarayana.
3. Sri G.Satya Rama Prasad.

SNo.	Particulars	Rs.	Rs.
1.	Amount to be spent on CSR Activites		13,71,100.06
2.	Amount unspent during the F. Y. 2015-16		36,642.93
2.	Less: Details of CSR spent during the financial year 2016-17.		
	(i) Amount donated to GVMC Sweekaram Educational Society.	(7,00,000.00)	
	(ii) Amount Transferred to Prime Minister National Relief Fund	(7,07,743.00)	(14,07,743.00)
	Balance Unspent amount as on 31.03.2017		NIL

For Steel City Securities Limited

sd/-

G. Sree Rama Murthy

Chairman & Managing Director

Place: Visakhapatnam
Date: 27.05.2017



Annexure - 5
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				

As per our report
For **Sudhakar & Kumar Associates**
Chartered Accountants

sd/-
(P. Rama Krishna Rao)
Partner
MNo. 26820

Place: Visakhapatnam
Date: 27.05.2017

On behalf of the Board

sd/-
(G. Sree Rama Murthy)
Chairman & Managing Director

sd/-
(K. Satyanarayana)
Executive Director - Surveillance



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.

i. Employed throughout the Financial Year 2016-17

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.

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17, 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 2016-17 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2016-17	Ratio of remuneration of each Director/ KMP to median Employees
1.	G. Sree Rama Murthy	30.00	-	3.72
2.	K. Satyanarayana	30.00	-	3.72
3.	Satish Kumar Arya	24.00	-	2.97
4.	N. Ramu	10.30	-	1.28
5.	M. Srividya	4.13	25.16	0.51

i. The Median remuneration of Employees of the Company during the Financial Year was Rs. 2,11,247/-.

ii. In the financial year, there was an increase of 6,121 p.a. in the median remuneration of employees.

iii. There were 312 permanent employees on the rolls and 67 probationers working with the Company as on 31st March, 2017.

iv. Relationship between average increase in remuneration and Company performance:

The PBT increased by 20.96% and PAT increased by 18.43%, whereas the increase in median remuneration was 6.61%. The average increase in median remuneration was in line with the performance of the Company linked with the individual employee performance.

On an average, employees received an annual increase of 9.37%. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.



vi. Comparison of the Remuneration of the Key Managerial Personnel against the performance of the Company:

S.No.	Particulars	N. Ramu (Chief Financial Officer)	M. Srividya (Company Secretary)
a	Remuneration in the FY 2016-17	10,29,500	4,13,039
b	Revenue	35,44,69,516.97	35,44,69,516.97
c	Remuneration as % of revenue (a/b)	0.29	0.12
d	Profit Before Tax(PBT)	6,91,77,165.78	6,91,77,165.78
e	Remuneration as % of PBT (a/d)	1.49	0.60

vii. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2017	March 31, 2016	% Change
Market Capitalisation	99,93,34,334	N. A	N. A
Price Earnings Ratio	18.22	N. A	N. A

viii. Average percentile increase made in the salaries of employees other than the managerial Personnel in the financial year 2016-17 was 9.37% , whereas there is no increase 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.

ix. The key parameters for any variable component of remuneration availed by the directors:

The Company has not paid any variable component of remuneration such as commission to the Directors of the Company.

x. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: None.

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

The Company affirms remuneration 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 2017

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

I REGISTRATION & OTHER DETAILS:

(i)	Corporate Identification Number (CIN):	U67120AP1995PLC19521
(ii)	Registration Date:	22/02/1995
(iii)	Name of the Company:	STEEL CITY SECURITIES LIMITED
(iv)	Category of Company: Sub-category of Company:	Company Limited by Shares Indian Non-Government Company
(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 E-3 Ansa Industrial Estate, Saki Vihar Road, Sakinaka , Mumbai - 400072 Ph: 040 - 23374967 Fax: 040- 27632184 E-mail: mohan@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	75.79
2.	Other Income	4907	24.21

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate
1.	Steel City Commodities Private Limited	U51399AP2002PTC039727	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-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	96,22,220	—	96,22,220	77.72	83,40,171	0	83,40,171	55.21	(22.51)
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corp.	—	—	—	—	—	—	—	—	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Total shareholding of Promoter (A)	96,22,220	—	96,22,220	77.72	83,40,171	0	83,40,171	55.21	(22.51)
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	—	-	-	-	56000	-	56000	0.37	0.37
h) Foreign Venture Capital Funds	—	-	-	-	-	-	-	-	-
i) Others (specify)	—	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	—	-	-	-	56000	-	56000	0.37	0.37
2. Non-Institutions									
a) Bodies Corp.		-	-	-	-	-	-	-	-
i) Indian	39200		39200	0.32	1639401		1639401	10.85	10.53
ii) Overseas	—	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year[As on 1-April-2016]				No. of Shares held at the end of the year[As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2 Lakh	—	-	-	-	2414932	353300	2768232	38.48	38.48
ii) Individual shareholders holding nominal share capital in excess of Rs 2 Lakh	2613092	0	2613092	21.10	2303291	0	2303291	33.66	12.56
c) Others (specify)		-	-	-	-	-	-	-	-
Non Resident Indians	—	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	—	-	-	-	-	-	-	-	-
Foreign Nationals	—	-	-	-	-	-	-	-	-
Clearing Members	—	-	-	-	-	-	-	-	-
Trusts	—	-	-	-	-	-	-	-	-
Foreign Bodies - D R	—	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	2758692	0	2758692	22.28	5071523	0	5071523	33.57	11.29
Total Public Shareholding (B)=(B)(1)+ (B)(2)	2758692	0	2758692	22.28	6766924	0	6766924	11.22	
C. Shares held by Custodian for GDRs & ADRs	—	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	12380912	0	12380912	100%	15107095	0	15107095	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	G. Sree Rama Murthy	55,24,640	44.62	0	46,29,831	30.65	0	(13.97)
2	K. Satyanarayana	21,73,440	17.55	0	15,76,900	10.44	0	(7.11)
3	Satish Kumar Arya	7,95,840	6.43	0	7,95,840	5.27	0	-
	Total	84,93,920	68.60	0	70,02,571	46.36	0	(21.08)



(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.	G. Sree Rama Murthy	55,24,640	44.62	46,29,831	30.65
2	K. Satyanarayana	21,73,440	17.55	15,76,900	10.44

(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.	Steel City Financial Services Private Limited	615400	4.97	798500	5.29
2	Steel City Securities Limited	20800	0.17	470522	3.11
3	Monarch Networth Capital Limited	-	-	350000	2.32
4	Guduru Raja Gopal Reddy	1098568	8.87	225000	1.49
5	S S Raghuv eer	-	-	223999	1.48
6	Keynote Capitals Ltd	-	-	200000	1.32
7	Manoj Kumar Goel	200000	1.62	200000	1.32
8	Ramlal Kawarlal Jain	-	-	186000	1.23
9	Ramlal Kawarlal Jain Huf	-	-	176000	1.17
10	Jaisukh vinimoy pvt. Ltd.	8000	0.06	154000	1.02

(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.	G. Sree Rama Murthy	55,24,640	44.62	46,29,831	30.65
2.	K. Satyanarayana	21,73,440	17.55	15,76,900	10.44
3	Satish Kumar Arya	7,95,840	6.43	7,95,840	5.27
4.	G. Satya Rama Prasad	10,400	0.08	10,400	0.07
5.	Ch. Murali Krishna	0	0	0	0
6.	M. H. Jagannadha Rao	10,400	0.08	12,400	0.08
7.	B. Krishna Rao	39,728	0.32	39,728	0.26
8.	G. V. Vandana	1,66,500	1.34	1,66,500	1.10



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	4,80,41,327.45	-	-	4,80,41,327.45
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	4,80,41,327.45	-	-	4,80,41,327.45
	Change in Indebtedness during the financial year				
	* Addition	-	-	-	-
	* Reduction	4,76,32,904.45	-	-	-
	Net Change	4,76,32,904.45	-	-	-
	Indebtedness at the end of the financial year				
i)	Principal Amount	4,08,423.00	-	-	4,08,423.00
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	4,08,423.00	-	-	4,08,423.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

S.No.	Particulars of Remuneration	G. Sree Rama Murthy (Chairman & Managing Director)	K.Satyanarayana (Whole – Time Director)	Satish Kumar Arya (Whole – Time Director)	Total Amount
1	Gross salary	30,00,000	30,00,000	24,00,000	84,00,000
	(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)	30,00,000	30,00,000	24,00,000	84,00,000
	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 AmountRs.
1	Independent Directors						
	Fee for attending board committee meetings	30000	30000	30000	15000	0	105000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (1)	30000	30000	30000	15000	0	105000
2	Other Non-Executive Directors						
	Fee for attending board committee meetings	0	0	0	0	15000	15000
	Commission	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0
	Total (2)	0	0	0	0	15000	15000
	Total (B)=(1+2)	30000	30000	30000	15000	15000	120000
	Total Managerial Remuneration	-	-	-	-	-	8520000
Overall Ceiling as per the Act	-N.A-	-N.A-	-N.A-	-N.A-	-N.A-	-N.A-	

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	1029500	413039	1442539
	(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	1029500	413039	1442539



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, 2017

[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: U67120AP1995PLC019521) (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, 2017, 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, 2017 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 thereunder;
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
 - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - (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 ESOP during the financial year under review;*
- 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 - *The Company has complied with the above mentioned provisions;*
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - *Not applicable as the Company has not delisted its equity shares from any stock exchange during the financial year under review;* 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 from any stock exchange during the financial year under review;*

The Company has received letter from National Stock Exchange of India Limited dt: 14th March, 2017 seeking clarification and the Company has provided clarification to the above letter on 16th March, 2017.

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 the Company has complied with the requirements under the Equity Listing Agreements entered into with NSE Limited;
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

sd/-

Satyanarayana A

Partner

FCS No.: 3986

C P No.: 2354

Place: Visakhapatnam

Date: 27.05.2017

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

For ASN Associates
Company Secretaries
sd/-

Satyanarayana A

Partner

FCS No.: 3986

C P No.: 2354

Place: Visakhapatnam

Date: 27.05.2017



Annexure - 9

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

Indian economy growth is one of the fastest in the world. In coming years our financial strength in core sectors will create a history in Indian economy. After demonetization, banking system in India is really gearing up for stringent risk management system to meet the upcoming challenges. Our banking system is like oxygen for the Indian Financial Markets which drives the country's economy. The present Indian Capital Market is boosting country's economy to encourage more young entrepreneurs towards "Make in India". The initial phase of Indian capital market as compare to present scenario is now much more transformed into new era of economical growth cycles. The ruling Indian government is focusing aggressively to establish more industries to create an employment particularly for younger generation. The percentage of public participation in Financial Markets against country's population is very meager. The Stock Exchanges should create more awareness on Indian Financial markets at the grass-root levels of in our Education System to understand the country's economy and growth. Implementation of GST is the In-thing of Indian economy which is expecting drastic changes in the Taxation System. For all these developments country needs technology infrastructure to automate the governance towards the transparency. Our Finance Ministry should bring more reforms to encourage the domestic financial investors to boost-up the Industry growth and business exports. This will make our currency stronger than ever and GDP stands at par with developed countries.

2. OUTLOOK

In previous financial year the broking industry has seen slump in the growth rate in first three quarters. In the last quarter after change in Government and despite demonetization, the Stocks have performed very well and most of the investors have gained with good returns. The volumes at exchange levels in all Segments (Equity, Derivatives Commodities and Currency) have maintained the incremental graph and rupee has remained at comfortable position against dollar.

3. SWOT ANALYSIS:

STRENGTHS:

The following are the Strengths that Your Company Possess:

(a) Human resources

Since foundation of this organization, whoever have taken part to develop this organization are very dynamic in their professional outlook. Our Board has trained 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.

(b) 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.



(c) Financial Resources

We are financially medium strong. But, 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.

(d) 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.

(e) 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.

WEAKNESSES:

We need to spread our brand further into major cities.

We need to advertise/market our brand aggressively to create awareness of our business products.

OPPORTUNITIES:

Motivating the younger generation for investing in Financial Markets. Penetration into e-Governance is very wide scope.

THREATS:

Penetration of Foreign financial companies into Indian Markets.

4. 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.

5. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The financial statements have been prepared in compliance with the requirement of the Companies Act, 2013 and Generally Accepted Accounting Principles (GAAP) in India. In the year under consideration, your company has achieved 'a turnover of Rs.3544.74 Lakhs and a profit of Rs. 465.33 Lakhs during the year under report. The Company expects increased turnover and profitability in the current year with the availability of abundant quantity of raw material, devaluation of rupee and high price realization for the products in the international markets due to demand and supply position.



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, 2017 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

Sd/-

G. Sree Rama Murthy

Chairman & Managing Director

Sd/-

N. Ramu

Chief Financial Officer

Place: Visakhapatnam

Date : 27.05.2017

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: 27.05.2017

For Steel City Securities Limited

Sd/-

G. Sree Rama Murthy

Chairman & Managing Director

(DIN: 00804317)



INDEPENDENT AUDITOR'S REPORT

To the Members of

Steel City Securities Limited

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **STEEL CITY SECURITIES LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2017, 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 thereunder.

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 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.28
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company



- iv. The Company has disclosed the details of holdings as well as dealings in Specified Bank Notes during the period from 08th November, 2016 to 30th December, 2016 in its standalone financial statements and the same are in agreement with the books of account maintained by the Company – Refer Note No.34

For Sudhakar & Kumar Associates

Chartered Accountants

FRN:004165S

P RAMA KRISHNA RAO

(Partner)

Membership No. :26820

Place: VISAKHAPATNAM

Date: 27.05.2017



"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, 2017:

- 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, Sales tax, Service Tax, 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, 2017 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, 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 income tax, 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
Income tax Act, 1961	Demand under section 156 w.r.s 143(3) of the Income Tax Act, 1961	3,30,744.00	Assessment Year 2014-2015	CIT (Appeals), Visakhapatnam
Finance Act 1994	Service Tax and interest	1,66,12,217.00	FY 2012-2013 to FY 2014-2015	Commissioner of Central Excise & Service Tax Visakhapatnam

- 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) During the year the Company has raised money by way of initial public offer (SME Segment of NSE) and in our opinion and according to the information and explanations given to us, the Company has utilized the money raised for the purpose for which they were raised as disclosed in the notes to the financial statements. The Company has not borrowed funds by way of term loans during the year.
- 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 Sudhakar & Kumar Associates

Chartered Accountants

FRN:004165S

P RAMA KRISHNA RAO

(Partner)

Membership No. :26820

Place: VISAKHAPATNAM

Date: 27.05.2017



“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, 2017 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, 2017, 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 **Sudhakar & Kumar Associates**

Chartered Accountants
FRN:004165S

P RAMA KRISHNA RAO

(Partner)

Membership No. :26820

Place: VISAKHAPATNAM

Date: 27.05.2017



STANDALONE BALANCE SHEET AS AT 31st MARCH 2017

	Note No	31-Mar-17 Rs.	31-Mar-16 Rs.
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
a) Share Capital	3	15,10,70,950.00	12,38,09,120.00
b) Reserves and Surplus	4	46,76,63,960.03	36,32,99,103.87
2. Non- Current Liabilities			
a) Long-term borrowings	5	4,08,423.00	14,00,165.00
b) Deferred tax liabilities (net)	6	-	6,79,479.97
3. Current Liabilities			
a) Short-term borrowings	7	-	4,66,41,162.45
b) Trade Payables	8	23,67,30,674.58	16,75,18,621.42
c) Other Current Liabilities	9	10,10,01,254.68	3,67,85,213.86
d) Short-term Provisions	10	4,45,94,383.00	1,78,88,748.26
	Total	1,00,14,69,645.29	75,80,21,614.83
II ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
i) Tangible Assets	11	3,86,92,783.47	3,06,31,730.32
ii) Intangible Assets	12	18,09,629.21	9,08,211.25
(b) Non Current Investments	13	4,55,24,338.00	2,85,14,338.00
(c) Deferred tax Asset (net)	14	18,70,418.98	-
(d) Long term Loans and Advances	15	4,13,24,536.00	3,69,47,871.00
(e) Other Non-current Assets	16	6,13,49,505.76	4,23,47,375.14
2. Current Assets			
(a) Trade Receivables	17	52,63,17,147.30	44,17,12,811.61
(b) Cash and Cash Equivalents	18	26,96,71,173.36	17,00,27,499.21
(c) Short-term loans and advances	19	1,02,30,444.91	69,31,778.30
(d) Other Current Assets	20	46,79,668.30	-
	Total	1,00,14,69,645.29	75,80,21,614.83
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached
For **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.0041655

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No. 26820

G.SREE RAMA MURTHY
CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 27.05.2017

G S R PRASAD
DIRECTOR

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



**STANDALONE STATEMENT OF PROFIT AND LOSS FOR
THE PERIOD ENDED 31st MARCH 2017**

	Note No	Year Ended 31-Mar-17 Rs.	Year Ended 31-Mar-16 Rs.
I. Revenue from Operations	21	34,13,76,972.10	24,90,98,916.87
II. Other Income	22	1,30,92,544.87	1,75,27,493.78
III. Total Revenue (I+II)		35,44,69,516.97	26,66,26,410.65
IV. Expenses			
Expenditure on Trading Operations	23	1,16,67,996.30	83,45,080.84
Employee benefits expense	24	8,14,59,109.50	7,64,13,026.00
Finance Costs	25	92,36,637.02	1,33,39,127.30
Depreciation and amortisation expense	11 & 12	60,48,655.89	59,53,110.57
Other expenses	26	17,68,79,952.48	10,53,83,802.78
Total Expenses		28,52,92,351.19	20,94,34,147.49
V. Profit before tax (III-IV)		6,91,77,165.78	5,71,92,263.16
VI. Tax Expense			
1) Current Tax		2,50,67,800.00	1,78,88,748.26
2) Tax relating to prior years		1,26,241.64	1,98,894.72
3) Deferred tax		(25,49,898.95)	(1,85,767.92)
Total Tax Expenses		2,26,44,142.69	1,79,01,875.05
VII. Profit for the year (V-VI)		4,65,33,023.09	3,92,90,388.11
VIII. Earnings per share (of Rs.10/- each)	27		
a) Basic		3.63	3.17
b) Diluted		3.63	3.17
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached
For **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.0041655

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No. 26820

G.SREE RAMA MURTHY
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SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 27.05.2017

G S R PRASAD
DIRECTOR

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2017

	Year Ended 31-Mar-17 Rs.	Year Ended 31-Mar-16 Rs.
A. Cash flow from Operating Activities		
Net Profit Before Tax	6,91,77,165.78	5,71,92,263.16
Adjustment for:		
Depreciation and amortization expense	60,48,655.89	59,53,110.57
Finance Costs	92,36,637.02	1,33,39,127.30
Interest Income	(1,13,19,264.32)	(1,18,15,263.81)
Dividend Income	(15,56,126.00)	(49,06,499.00)
Loss/(profit) on Sale of Fixed assets (net)	-	-
Operating Profit before Working Capital Changes	7,15,87,068.37	5,97,62,738.22
Trade Receivables	(8,46,04,335.69)	3,10,25,595.38
Other Receivables	(79,78,334.91)	(45,93,421.42)
Other Assets	(2,33,78,795.62)	61,13,811.27
Trade Payables	6,92,12,053.16	4,01,42,548.42
Other Payables & Provisions	9,22,05,484.36	(3,23,21,496.76)
Change in Working Capital	4,54,56,071.30	4,03,67,036.89
Cash generated from Operations	11,70,43,139.67	10,01,29,775.11
Income tax paid	(2,64,77,850.44)	(1,80,87,642.98)
Net Cash generated from Operating Activities	9,05,65,289.23	8,20,42,132.13
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,50,11,127.00)	(48,10,723.00)
Proceeds from Sale of Fixed Assets	-	-
Proceeds from Issue of Additional Capital	12,11,47,810.07	-
Proceeds from Sale/(purchase) of Investments	(1,70,10,000.00)	(43,55,000.00)
Income from Investments	15,56,126.00	49,06,499.00
Interest Received	1,13,19,264.32	1,18,15,263.81
Net cash used in investing activities	10,20,02,073.39	75,56,039.81
C. Cash flow from Financing Activities		
Interest paid	(92,36,637.02)	(1,33,39,127.30)
Proceeds from borrowings	(4,66,41,162.45)	(12,71,65,290.96)
Repayment of borrowings	(9,91,742.00)	(11,94,780.00)
Dividend paid including tax on dividend	(3,60,54,147.00)	(1,78,81,701.40)
Net cash used in Financing activities	(9,29,23,688.47)	(15,95,80,899.66)
D. Net Increase / (Decrease) in Cash & Cash Equivalents	9,96,43,674.15	(6,99,82,727.72)
E. Cash & Cash Equivalents (Opening)		
as on 1st April 2016 / 1st April 2015	17,00,27,499.21	24,00,10,226.93
F. Cash & Cash Equivalents (Closing)	26,96,71,173.36	17,00,27,499.21
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash in hand	11,65,153.28	25,20,836.06
Cheques, draft on hand	53,72,431.11	57,36,780.55
Balances with Schedule banks in current accounts	4,10,08,865.17	2,42,50,328.38
in deposit accounts	22,08,28,593.80	13,52,37,944.22
in unclaimed dividend accounts	12,96,130.00	22,81,610.00

In terms of our report attached
For **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.0041655

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No.26820

G.SREE RAMA MURTHY
CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 27.05.2017

G S R PRASAD
DIRECTOR

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, Income from DP Operations are recognised on accrual basis, 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-17 Rs.	As at 31-Mar-16 Rs.
Note No.3		
Share Capital		
Authorised 2,50,00,000 (P.Y 2,50,00,000) Equity Shares of Rupees 10/- each	250,000,000.00	250,000,000.00
Total	250,000,000.00	250,000,000.00
Issued subscribed and paid up capital		
1,51,07,095(P.Y 1,23,80,912) Equity Shares of Rupees 10/- each, fully paid-up	151,070,950.00	123,809,120.00
	151,070,950.00	123,809,120.00

Notes:

(i) Reconciliation of number of Shares

Particulars	As at March, 2017		As at March, 2016	
	No of Shares	Amount (Rs.)	No of Shares	Amount Rs.
Equity shares				
Opening Balance	12380912	123,809,120.00	12380912	123,809,120.00
Issued during the year	2726183	27,261,830.00	-	-
Closing Balance	15107095	151,070,950.00	12380912	123,809,120.00

(ii) Rights attached to equity shares:

The company has 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. 1/- (previous year Rs.1.20) and final Dividend recommended for distribution to equity shareholders is Rs.1/- (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

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

Particulars	As at March, 2017		As at March, 2016	
	No of Shares held	% of Holding	No of Shares held	% of Holding
G Sree Rama Murthy	4629831	30.65	5524640	44.62
K.Satyanarayana	1576900	10.44	2173440	17.55
Satish Kumar Arya	795840	5.27	795840	6.43
Steel City Financial Services Pvt.Ltd	798500	5.29	615400	4.97

(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-17 Rs.	As at 31-Mar-16 Rs.
Note No.4		
Reserves and Surplus		
Securities Premium Reserve		
Balance at the beginning of the year	1,05,61,845.00	1,05,61,845.00
Add: Received during the year	12,26,78,235.00	-
(Less) : SME IPO Expenses	(2,87,92,254.93)	-
Closing Balance	10,44,47,825.07	1,05,61,845.00
General Reserve		
Balance at the beginning of the year	6,72,69,441.91	6,33,40,403.10
Add: Transfer from Surplus	46,53,302.31	39,29,038.81
Closing Balance	7,19,22,744.22	6,72,69,441.91
Surplus in statement of Profit and Loss		
Opening Balance	28,54,67,816.96	26,79,88,169.06
Add: Net Profit/(Loss) for the current period	4,65,33,023.09	3,92,90,388.11
Amount available for appropriation	33,20,00,840.04	30,72,78,557.17
Appropriations:		
Transfer to General Reserve	(46,53,302.31)	(39,29,038.81)
Interim Dividend	(1,51,07,095.00)	(1,48,57,094.40)
Interim Dividend Tax	(27,64,507.00)	(30,24,607.00)
Provision for Final Dividend	(1,51,07,095.00)	-
Provision for Final Dividend Tax	(30,75,450.00)	-
Closing Balance	29,12,93,390.74	28,54,67,816.96
Total	46,76,63,960.03	36,32,99,103.87

The Board of Directors at their meeting held on May 27, 2017 recommended a final dividend of Rs.1/- per equity share

Note No.5		
Long-term borrowings		
Secured		
Vehicle Loans from Banks & Others	4,08,423.00	14,00,165.00
	4,08,423.00	14,00,165.00

Vehicle Loan Received from HDFC Bank & Others, which is payable in monthly installments i.e.Rs. 81,107/-

Note No.6		
Deferred tax liabilities (net)		
Deferred tax liabilities		
- Depreciation on fixed assets	-	6,79,479.97
Net Deferred tax liabilities	-	6,79,479.97

Note No.7		
Short-term borrowings		
Secured		
Loan repayable on demand from banks	-	4,66,41,162.45
Unsecured	-	-
Total	-	4,66,41,162.45

- 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.3.90 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.7.93 Cr.
- Working Capital facilities from The HDFC Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) and personal guarantee of Directors.



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.8		
Trade payables		
Trade Payables	5,52,64,969.58	4,79,60,874.50
Margin money from Trade Clients	18,14,65,705.00	11,95,57,746.92
	23,67,30,674.58	16,75,18,621.42

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	3,87,41,066.34	2,61,41,796.55
Margin money from TINFC's	2,44,97,771.03	-
Liability against TINFC Processings	2,81,04,480.00	-
Unpaid dividends	12,96,130.00	22,81,610.00
V Sat Deposits	83,61,807.31	83,61,807.31
	10,10,01,254.68	3,67,85,213.86

- 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, 2017 an amount of Rs.4,80,200/- has been transferred to Investor Education and Protection Fund

Note No.10		
Short term provisions		
Provision for Employee benefits		
- provision for gratuity	13,44,038.00	-
Provision for Taxation	2,50,67,800.00	1,78,88,748.26
Provision for Dividend	1,51,07,095.00	-
Provision for Dividend Tax	30,75,450.00	-
	4,45,94,383.00	1,78,88,748.26

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 01.04.2016	Additions as on 31.03.2017	Deletions as on 31.03.2017	As at 31.03.2017	Up to 31.03.2016	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
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	11,77,020.23	60 Yrs	98,198.81	-	12,75,219.04	49,26,810.96	50,25,009.77
Buildings WIP	6,15,752.00	-	-	6,15,752.00	-	-	-	-	-	6,15,752.00	6,15,752.00
Furniture & Fixtures	46,73,350.44	11,45,267.00	8,38,806.00	49,79,811.44	31,06,705.27	10 yrs	4,38,189.21	8,38,806.00	27,06,088.48	22,73,722.96	15,66,645.17
Electrical Equipments	2,43,73,519.20	51,70,039.00	41,83,132.00	2,53,60,426.20	1,59,81,000.89	10 yrs	22,90,391.80	41,83,132.00	1,40,88,260.69	1,12,72,165.51	83,92,518.31
Computers	45,90,736.00	69,20,724.00	16,13,751.00	98,97,711.00	3,09,457.53	3-6 Yrs	16,91,556.65	16,13,751.00	3,87,263.18	95,10,447.82	42,81,280.47
Vehicles	63,95,028.01	-	22,200.00	63,72,828.01	20,58,977.18	8 Yrs	7,03,855.22	22,200.00	27,40,632.40	36,32,195.61	43,36,050.83
Cycles	10,090.00	-	-	10,090.00	6,839.01	10 Yrs	958.55	-	7,797.56	2,292.44	3,250.99
Other Assets	1,73,909.00	91,396.00	-	2,65,305.00	29,356.22	5 Yrs	43,222.61	-	72,578.83	1,92,726.17	1,44,552.78
Total	5,33,01,086.65	1,33,27,426.00	66,57,889.00	5,99,70,623.65	2,26,69,356.33		52,66,372.85	66,57,889.00	2,12,77,840.18	3,86,92,783.47	3,06,31,730.32

Note No. 12 : Intangible Assets

Description	Gross Block at Cost				Depreciation					Net Block	
	As at 01.04.2016	Additions as on 31.03.2017	Deletions as on 31.03.2017	As at 31.03.2017	Up to 31.03.2016	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
Software	19,91,585.00	16,83,701.00	7,90,174.00	28,85,112.00	10,83,373.75	3 Yrs	7,82,283.04	7,90,174.00	10,75,482.79	18,09,629.21	9,08,211.25
Total	19,91,585.00	16,83,701.00	7,90,174.00	28,85,112.00	10,83,373.75		7,82,283.04	7,90,174.00	10,75,482.79	18,09,629.21	9,08,211.25



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.13		
Non Current Investments		
Other investments (quoted) - Trade		
Investment in Equity Instruments		
4,394 (P.Y 4,394) equity shares of Rs.1/- each of BSE Ltd at cost	338.00	-
Other investments (unquoted) -Trade		
Investment in Equity Instruments		
Subsidiary:		
8,36,500 (P.Y 7,49,100) equity shares of Rs.10/- each of Steel City Commodities Pvt Ltd at cost	3,25,99,000.00	1,94,89,000.00
Associate:		
960000 (PY 700000) equity shares of Rs.10/- each of Steel City Financial Services Pvt Ltd at cost	1,29,00,000.00	90,00,000.00
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
4,394 (P.Y 4,394) equity shares of Rs.1/- each of BSE Ltd at cost	-	338.00
	4,55,24,338.00	2,85,14,338.00
Book Value of Quoted Investments	338.00	-
Market Value of Quoted Investments	21,80,159.50	-
Book Value of Unquoted Investments	4,55,24,000.00	2,85,14,338.00

Note No.14		
Deferred tax Asset (net)		
Tax effect of items constituting deferred tax liability		
- Depreciation on fixed assets	12,70,885.97	-
Tax effect of items constituting deferred tax liability (A)	12,70,885.97	-
Tax effect of items constituting deferred tax Asset		
- Provision for Doubtful Debts	31,41,304.95	
Tax effect of items constituting deferred tax Asset (B)	31,41,304.95	-
Deferred Tax Asset (net) (B-A)	18,70,418.98	-

Note No.15		
Long term Loans and Advances		
Unsecured, considered good		
Interest free Security Deposits with Exchanges	2,98,85,000.00	2,95,35,000.00
V Sat Deposits with Exchanges	50,000.00	50,000.00
Telephone Deposits	7,35,241.00	7,38,113.00
Rental Deposits	55,10,732.00	47,83,348.00
Electricity Deposits	7,38,776.00	12,72,410.00
Other Deposits	44,04,787.00	5,69,000.00
	4,13,24,536.00	3,69,47,871.00



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.16		
Other Non-current Assets		
Advance Income Tax	5,99,09,978.80	4,10,14,989.90
Prepaid expenses	14,39,526.96	13,32,385.24
	6,13,49,505.76	4,23,47,375.14
Note No.17		
Trade Receivables		
outstanding for a period exceeding Six months		
Unsecured, considered good	10,14,15,444.14	5,62,49,898.17
Unsecured, considered doubtful	1,18,00,967.69	23,00,000.00
	11,32,16,411.83	5,85,49,898.17
Less: Provision for doubtful Debts	1,18,00,967.69	23,00,000.00
	10,14,15,444.14	5,62,49,898.17
outstanding for a period between three to Six months		
Unsecured, considered good	17,27,678.58	5,59,45,648.84
Other Debts - Less than Three Months		
Secured, considered good	42,31,74,024.58	32,95,17,264.60
	52,63,17,147.30	44,17,12,811.61
Note No.18		
Cash and Cash Equivalents		
Cash on hand	11,65,153.28	25,20,836.06
Cheques, drafts on hand and transit	53,72,431.11	57,36,780.55
Balances with Banks		
- in current accounts	4,10,08,865.17	2,42,50,328.38
- Unclaimed dividend account	12,96,130.00	22,81,610.00
- In deposit accounts (Earmarked) Against Bank Guarantees & Other Commitments	13,98,28,593.80	13,37,37,944.22
Deposit original maturity less than 12 months	5,40,00,000.00	-
Deposit original maturity more than 12 months	2,70,00,000.00	15,00,000.00
	26,96,71,173.36	17,00,27,499.21

- a) Deposit accounts includes an amount of Rs.12.50 Cr placed with banks (HDFC Bank Rs.7.00 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-17 Rs.	As at 31-Mar-16 Rs.
Note No.19		
Short-term loans and advances		
Unsecured, considered good		
Advance to suppliers	1,26,691.00	47,399.00
Other loans and advances		
Advance to employees	12,09,191.34	3,93,651.34
Receivable from E-Governance Centres	88,28,375.57	-
Others	66,187.00	64,90,727.96
	1,02,30,444.91	69,31,778.30

Note No.20		
Other Current Assets		
Interest accrued on Fixed Deposits	31,24,312.44	-
Other Receivables	15,55,355.86	-
	46,79,668.30	-

Note No.21		
Revenue from Operations		
Income from Broking Operations	26,86,55,615.24	23,23,09,363.97
Income from DP Operations	1,06,03,519.21	1,34,80,974.07
Income from TINFC Operations	5,89,61,943.40	33,08,578.83
Income from UIDAI EA Operations	31,55,894.25	-
	34,13,76,972.10	24,90,98,916.87

Income from DP Operations includes an amount of Rs.22,06,666.75 relating to earlier years

Note No.22		
Other Income		
Interest from Fixed Deposits & Others	1,13,19,264.32	1,18,15,263.81
Bad Debts Recoveries	2,17,154.55	8,05,730.97
Dividend Income	15,56,126.00	49,06,499.00
	1,30,92,544.87	1,75,27,493.78

Dividend amount of Rs.28,726/- (PY Rs.37,349/-) received from BSE Ltd & from Steel City Commodities Pvt Ltd is Rs.15,27,400/- (P Y Rs.48,69,150/-)

Note No.23		
Expenditure on Trading Operations		
Transaction Charges	22,76,097.80	10,04,410.73
Trading Expenses	1,90,395.94	1,63,501.12
Insurance	4,29,728.00	4,47,643.51
V Sat Charges and Maintenance	64,25,217.56	56,33,845.48
Batteries, UPS Maintenance	23,46,557.00	10,95,680.00
	1,16,67,996.30	83,45,080.84

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-17 Rs.	As at 31-Mar-16 Rs.
Note No.24		
Employee benefits expense		
Salaries, wages and bonus	7,31,45,393.50	6,96,77,527.00
Contribution to;		
- Provident Fund and other Funds	55,57,054.00	50,14,058.00
- Gratuity	19,94,038.00	10,00,000.00
Staff Welfare Expenses	7,62,624.00	7,21,441.00
	8,14,59,109.50	7,64,13,026.00

- Salaries, wages and bonus includes an amount of Rs. 84,00,000/- (PY Rs.84,00,000/-) 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.
- Contribution to Provident and other Fund includes an amount of Rs.2,26,803/- of Gratuity Fund relating to earlier years

Note No.25		
Finance Cost		
Interest Expenses	41,51,264.19	91,73,392.32
BG Commission and Charges	49,71,650.07	39,32,688.39
Other Borrowings cost	1,13,722.76	2,33,046.59
	92,36,637.02	1,33,39,127.30



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.26		
Other Expenses		
A C Maintenance	1,79,587.00	1,62,285.00
Advertisements	54,328.00	18,765.40
Bad Debts Written off	28,24,108.43	10,58,524.38
Books & Periodicals	2,85,707.00	2,78,614.00
Business Development	37,28,803.11	34,67,422.23
Computer maintenance including parts	36,96,729.00	26,57,532.00
Conveyance	2,68,989.00	2,88,976.00
CSR Expenses	14,07,743.00	12,57,412.00
Current Repairs to lease hold buildings	-	2,71,408.00
Demat charges	1,86,960.98	1,16,341.12
Donations	2,45,000.00	-
E-Governance Commission	4,23,37,346.71	-
Electricity Charges and maintenance	70,66,579.11	58,24,721.30
Fee to Company Secretary	1,26,000.00	1,26,000.00
Fees & Charges, Filing fee	18,91,454.93	21,33,186.74
Generator maintenance	2,20,501.00	2,33,984.40
Insurance	9,59,967.00	7,68,915.00
Legal, Consultancy and Professional fee	57,25,772.50	38,34,396.00
Miscellaneous expenses	-	120.00
Office Maintenance	43,18,816.00	34,69,203.30
Office Rent	1,08,53,299.00	96,79,041.00
Payment to Auditors (Refer Note No.26.1)	7,84,930.50	6,06,315.00
Printing & Stationary, Postage and Other Charges	20,02,768.61	14,92,773.96
Provision for Doubtful Debts	95,00,967.69	-
Sub-brokerage	7,07,76,891.46	6,05,58,108.88
Subscriptions	4,27,185.00	4,08,436.00
Telephone Charges & Maintenance	49,34,851.49	52,24,117.85
Tours and Travels	9,64,613.81	3,36,237.00
Transportation charges	50,072.40	53,933.00
Vehicle maintenance	9,52,431.75	10,04,911.04
Xerox and coolers maintenance	1,07,548.00	52,122.18
	17,68,79,952.48	10,53,83,802.78

Bad debt Written off amounting to Rs. 28,24,108.43 is relating to earlier years



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.26.1		
Payment to Auditors includes payments to Statutory Auditors towards		
Statutory Audit Fee	1,81,475.00	80,000.00
Taxation Matters	1,60,000.00	1,60,000.00
Certifications	75,000.00	35,000.00
	4,16,475.00	2,75,000.00

Note No.27		
Earnings per share (EPS)		
Earnings (as reported)	4,65,33,023.09	3,92,90,388.11
Shares		
No. of Shares	1,51,07,095.00	1,23,80,912.00
No. of Weighted Average Shares	1,28,35,276.00	1,23,80,912.00
Earnings per Equity Share (Rs.)		
- Basic	3.63	3.17
- Diluted	3.63	3.17

Note No.28

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

Sl. No.	Particulars	As at 31-Mar-17 Rs.	As at 31-Mar-16 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	24,45,00,000	21,70,00,000
3	Cases against the Company not acknowledged as debts : Legal suits filed against the Company (See note No.28.1(a) & (b)	85,61,809	85,61,809
4	Income tax Demands pending in appeals (See note No.28.1(c))	1,79,53,690	1,75,64,576
5	Show cause notices from Service tax department for which the Company has filed replies	42,44,046	--
6	Service tax demands, pending in appeal (See Note No.28.1(d)	1,79,89,154	--



28.1

- (a) Cases against the Company and not acknowledged as debts, amounting to Rs.27,33,809/- are pending at various courts/forums and out of these, claims amounting to Rs.15,17,633/- orders were passed in favour of the company and the appeals of the claimants, against these orders are pending.
- (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) Income tax demands against the Company for the AY 2008-2009 to 2014-2015, for which the Company has filed Appeals before the Appellate Authorities. However the Company has paid the entire amount of Demand upto AY 2013-2014.
- (d) Service tax demands against the Company for which an Appeal with the Commissioner of Central Excise and Service Tax has been filed. The Company has deposited an amount of Rs. Rs.13,49,186/- as a condition precedent of hearing the appeal before learned Commissioner (Appeals). The appeal has not been fixed for hearing.

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

Segment Reporting:

The Company is engaged in the business of providing Stock broking and broking related services i.e. depository participant services to predominantly retail clients and also services like TINF services which are regulated by the same Regulatory Authority. Accordingly the primary segments have been identified as Stock broking (including broking related services) 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.31

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. G. Sree Rama Murthy
	Mr. K. Satyanarayana
	Mr. Satish Kumar Arya



(c) Significant transaction with related parties:

(in Rupees)

Sl No.	Nature of Relationship	Name of the Related Party	Nature of Transaction					
			Remu-neration	Corporate guarantee given	Advance Returned	Advance Taken	Dividend Paid/(received)	Brokerage Received
1	Subsidiary Company	Steel City Commodities Private Ltd	0.00	4,00,00,000.00	4,77,27,394.46	4,77,27,394.46	(15,27,400)	0.00
2	Associate Company	Steel City Financial Services Private Ltd	0.00	0.00	0.00	0.00	7,98,500	0.00
3	Chairman and Managing Director	G Sree Rama Murthy	30,00,000.00	0.00	0.00	0.00	46,29,831	9,403.54
4	Executive Director	K Satyanarayana	30,00,000.00	0.00	0.00	0.00	15,76,900	310.00
5	Director (Operations)	Satish Kumar Arya	24,00,000.00	0.00	0.00	0.00	7,95,840	11,43,999.56
6	Relative of Key Management -Wife of Sri K Satyanarayana	K Mahalakshmi	0.00	0.00	0.00	0.00	51,600	43,016.29
7	Relative of Key Management - son of Sri K Satyanarayana	K S V Ramesh Babu	5,34,500.00	0.00	0.00	0.00	91,300	72.00
8	Relative of Key Management - wife of Sri Satish Kumar Arya	Nirmala Devi Arya	0.00	0.00	0.00	0.00	46,800	1,32,904.46
Total			89,34,500.00	4,00,00,000.00	4,77,27,394.46	4,77,27,394.46	64,63,371	13,29,705.85

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)
Steel City Commodities Private Ltd.	0.00
Steel City Financial Services Private Ltd.	3,86,958.00
G. Sree Rama Murthy	0.00
K. Satyanarayana	0.00
Satish Kumar Arya	0.00



Note No.32

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 st March 2017
Net Asset / (Liability) recognised in the Balance Sheet:	
Present Value of Defined Benefit Obligation	83,65,556
Fair Value of Plan Assets	70,21,518
Funded Status [Surplus / (Deficit)]	(13,44,038)
Unrecognised Past Service Costs	--
Net Asset / (Liability) recognised in the Balance Sheet	(13,44,038)
Change in Defined Benefit Obligations (DBO) during the Year:	--
Present Value of DBO at the beginning of the Year	65,40,376
Current Service Cost	9,08,784
Interest Cost	4,97,540
Actuarial (Gains) / Losses	--
Past Service Cost	--
Benefits Paid	(4,84,811)
Actuarial loss/(gain) on obligation (balancing figure)	9,03,667
Present Value of DBO at the end of the Year	83,65,556
Change in Fair Value of Assets during the Year:	--
Plan Assets at the beginning of the Year	63,13,573
Expected Return on Plan Assets	5,43,674
Actual Company Contributions	6,50,000
Actuarial Gain / (Loss)	(918)
Benefits Paid	(4,84,811)
Plan Assets at the end of the Year	70,21,518
Actual Return on Plan Assets	5,42,756
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.	70,21,518
Assumption used in accounting for Gratuity Plan:	
Discount Rate	7.30
Salary Escalation Rate	5.00
Expected rate of return on plan assets	7.55



Note No.33

Statement of utilisation of Initial Public Offering ('IPO') as on 31 March 2017:

In February, 2017 the Company approached the capital market by way of an SME IPO. The utilisation of the proceeds from IPO in the current year is set out below

(Rs. in Lakhs)

Particulars	Envisaged in the Prospectus	Utilisation as on 31-03-2017	Amount remaining to be utilized
Investment in Technology upgradation and Office Infrastructure for expansion of e-Governance business	390.00	97.27	292.73
Setting up AADHAR Enrollment centers at all our existing Branches	264.00	0.87	263.13
Enhancement of Companies brand through advertising and other brand building activities	250.00	1.00	249.00
Working Capital Requirement	200.00	200.00	0.00
Offer Expenses	220.00	241.07	(21.07)
General Corporate Purpose	175.40	175.40	0.00
Total	1,499.40	715.61	783.79

Note No.34

Details of Specified Bank Notes transacted during the period 8th November, 2016 to 30th December, 2016

(Amount in Rs.)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	4,57,000.00	12,73,246.29	17,30,246.29
Add: Permitted Receipts	0.00	35,91,914.00	35,91,914.00
Less: Permitted Payments	31,500.00	10,28,592.19	10,60,092.19
Less: Amount Deposited in Banks	4,25,500.00	13,39,157.00	17,64,657.00
Closing Cash on hand as on 30.12.2016	0.00	24,97,411.10	24,97,411.10



Note No.35

Corporate Social Responsibility

- a) Gross Amount required to be spent by the Company during the year Rs.13,17,100.06
- b) Amount required to be spent (unspent) for the Financial Year 2015-2016 is Rs.36,642.93
- c) Total Amount spent during the year is Rs.14,07,743.00 as detailed below:

Particulars	Amount (Rs.)
Amount Contributed to Sweekaram Education Society of Greater Visakhapatnam Municipal Corporation, Visakhapatnam.	7,00,000.00
Amount Contributed to Prime Minister National Relief Fund	7,07,743.00
Total	14,07,743.00

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 Sudhakar & Kumar Associates
 Chartered Accountants
 Firm Reg.No.0041655

For STEEL CITY SECURITIES LIMITED

P RAMA KRISHNA RAO
 Partner
 Membership No. 26820

G.SREE RAMA MURTHY
 CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
 EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
 DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
 DATE : 27.05.2017

G S R PRASAD
 DIRECTOR

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

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, 2017, 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').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 these consolidated financial statements by the Directors of the Holding Company.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment,



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

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

Opinion

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 the consolidated state of affairs of the Group as at 31st March, 2017, and the consolidated profit and its consolidated cash flows for the year ended on that date.

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, 2017 taken on record by the Board of Directors of the Holding Company, its subsidiary company and its associate Company none of the directors of the Group is disqualified as on 31st March, 2017 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:
- i. 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, 2017 - Refer Note No.28
 - ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
 - iv. The Group has disclosed the details of holdings as well as dealings in Specified Bank Notes during the period from 08th November, 2016 to 30th December, 2016 in its consolidated financial statements and the same are in agreement with the books of account maintained by the Group – Refer Note No.34

For Sudhakar & Kumar Associates

Chartered Accountants

FRN:004165S

P RAMA KRISHNA RAO

(Partner)

Membership No. :26820

Place: VISAKHAPATNAM

Date: 27.05.2017



“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, 2017 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, 2017, 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 Sudhakar & Kumar Associates

Chartered Accountants

FRN:004165S

P RAMA KRISHNA RAO

(Partner)

Membership No. :26820

Place: VISAKHAPATNAM

Date: 27.05.2017



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2017

	Note No	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
a) Share Capital	3	15,10,70,950.00	12,38,09,120.00
b) Reserves and Surplus	4	57,40,20,996.67	45,41,95,860.90
2. Minority Interest		2,26,44,148.04	3,52,66,706.67
3. Non- Current Liabilities			
a) Long-term borrowings	5	4,08,423.00	14,58,458.00
b) Deferred tax liabilities (net)	6	-	8,61,307.05
4. Current Liabilities			
a) Short-term borrowings	7	-	4,66,41,162.45
b) Trade Payables	8	26,54,86,739.26	20,34,96,952.71
c) Other Current Liabilities	9	10,72,18,770.17	4,45,12,996.93
d) Short-term Provisions	10	4,71,78,773.00	2,51,46,863.60
Total		1,16,80,28,800.15	93,53,89,428.31
II ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
i) Tangible Assets	11	4,09,60,974.56	3,20,31,516.26
ii) Intangible Assets	12	18,12,654.96	9,73,444.74
(b) Non Current Investments	13	3,74,62,464.82	2,68,42,263.94
(c) Deferred tax assets (net)	14	17,43,471.16	-
(d) Long term Loans and Advances	15	5,23,76,596.00	4,66,09,431.00
(e) Other Non-current Assets	16	6,38,87,116.39	4,63,91,296.73
(f) Goodwill on consolidation		2,42,34,000.00	1,19,98,000.00
2. Current Assets			
(a) Trade Receivables	17	53,73,84,846.90	45,58,35,741.44
(b) Cash and Cash Equivalents	18	38,96,09,239.27	31,25,31,029.56
(c) Short-term loans and advances	19	1,02,76,694.91	21,76,704.64
(d) Other Current Assets	20	82,80,741.17	-
Total		1,16,80,28,800.15	93,53,89,428.31
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached
For **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.0041655

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No.26820

G.SREE RAMA MURTHY
CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 27.05.2017

G S R PRASAD
DIRECTOR

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED 31st MARCH, 2017**

	Note No	Year Ended 31-Mar-17 Rs.	Year Ended 31-Mar-16 Rs.
I. Revenue from Operations	21	36,25,47,191.36	27,98,58,368.23
II. Other Income	22	2,10,88,085.78	2,34,04,639.67
III. Total Revenue (I+II)		38,36,35,277.14	30,32,63,007.90
IV. Expenses			
Expenditure on Trading Operations	23	1,18,16,520.48	84,46,165.29
Employee benefits expense	24	8,94,10,436.50	8,35,69,228.00
Finance Costs	25	95,41,177.35	1,36,51,630.22
Depreciation and amortisation expense	11 & 12	64,11,340.48	67,75,854.67
Other expenses	26	19,10,56,413.83	12,59,65,106.48
Loss/(profit) on Sale of Assets		-	-
Total Expenses		30,82,35,888.64	23,84,07,984.66
V. Profit before tax (III-IV)		7,53,99,388.50	6,48,55,023.24
VI. Tax Expense			
1) Current Tax		2,74,19,760.00	2,21,92,743.60
2) Tax relating to prior years		1,80,103.52	1,54,010.82
3) Deferred tax		(26,04,778.20)	(3,46,337.83)
Total Tax Expenses		2,49,95,085.32	2,20,00,416.59
VII. Profit after tax and before Share in Associate (V-VI)		5,04,04,303.18	4,28,54,606.65
VIII. Share of Profit in Associate (net)		7,20,200.88	9,16,925.94
IX. Profit for the year before Minority Interest (VII-VIII)		5,11,24,504.06	4,37,71,532.59
X. Minority Interest		(9,41,560.62)	(21,15,932.17)
XI. Profit for the Year		5,01,82,943.44	4,16,55,600.42
X. Earnings per share (of Rs.10/- each)	27		
a) Basic - Annualised		3.91	3.36
b) Diluted - Annualised		3.91	3.36
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

In terms of our report attached
For **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.0041655

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No.26820

G.SREE RAMA MURTHY
CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 27.05.2017

G S R PRASAD
DIRECTOR

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2017

	Year Ended 31-Mar-17	Year Ended 31-Mar-16
A. Cash flow from Operating Activities		
Net Profit Before Share of Profit of Associate & Minority Interest	7,53,99,388.50	6,48,55,023.24
Adjustment for:		
Depreciation and amortization expense	64,11,340.48	67,75,854.67
Finance Costs	95,41,177.35	1,36,51,630.22
Interest Income	(2,01,71,377.57)	(2,22,82,927.53)
Dividend Income	(28,726.00)	(37,349.00)
Loss/(profit) on Sale of Fixed assets (net)	-	-
Operating Profit before Working Capital Changes	7,11,51,802.76	6,29,62,231.60
Trade Receivables	(8,15,49,105.46)	2,99,87,468.63
Other Receivables	(1,63,80,731.44)	(44,94,135.79)
Other Assets	(2,32,62,984.66)	48,05,846.98
Trade Payables	6,19,89,786.55	4,62,79,121.28
Other Payables & Provisions	8,59,57,992.72	(2,38,72,893.19)
Change in Working Capital	2,67,54,957.71	5,27,05,407.91
Cash generated from Operations	9,79,06,760.47	11,56,67,639.51
Income tax paid	(2,88,20,173.60)	(2,23,46,754.42)
Net Cash generated from Operating Activities	6,90,86,586.87	9,33,20,885.09
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(2,84,16,009.00)	(91,58,973.00)
Proceeds from Sale of Fixed Assets	-	-
Proceeds from Additional Capital	12,11,47,810.07	-
Proceeds from (Purchase)/Sale of Investments	(1,07,74,000.00)	(1,02,67,000.00)
Income from Investments	28,726.00	37,349.00
Interest Received	2,01,71,377.57	2,22,82,927.53
Net cash used in investing activities	10,21,57,904.64	(28,94,303.53)
C. Cash flow from Financing Activities		
Interest paid	(95,41,177.35)	(1,36,51,630.22)
Proceeds from borrowings	(4,66,41,162.45)	(12,71,65,290.96)
Repayment of borrowings	(10,50,035.00)	(14,27,952.00)
Dividend paid including tax on dividend	(3,69,33,907.00)	(2,08,35,821.40)
Net cash used in Financing activities	(9,41,66,281.80)	(16,30,80,694.58)
D. Net Increase/ (Decrease) in Cash & Cash Equivalents	7,70,78,209.71	(6,68,65,505.96)
E. Cash & Cash Equivalents (Opening) as on 1st April 2016 / 1st April 2015	31,25,31,029.55	37,93,96,535.51
F. Cash & Cash Equivalents (Closing)	38,96,09,239.26	31,25,31,029.55
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash in hand	14,08,197.20	26,11,523.98
Cheques, draft on hand	63,21,201.11	69,94,715.55
Balances with Schedule banks		
in current accounts	5,57,10,113.93	4,15,71,639.42
in deposit accounts	32,48,73,597.03	25,90,71,540.61
in unclaimed dividend accounts	12,96,130.00	22,81,610.00

In terms of our report attached
For **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.0041655

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No.26820

G.SREE RAMA MURTHY
CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 25.06.2016

G S R PRASAD
DIRECTOR

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 83.65% of shares (P Y 74.91% 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 35.69%) 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 net worth 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, Income from DP Operations are recognised on accrual basis, 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. Good will comprises the excess of purchase consideration over the face value of shares acquired of a subsidiary. Good will 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 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.



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-17 Rs.	As at 31-Mar-16 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 1,23,80,912) Equity Shares of Rupees 10/- each, fully paid-up	15,10,70,950.00	12,38,09,120.00
	15,10,70,950.00	12,38,09,120.00

Notes:

(i) Reconciliation of number of Shares:

Particulars	As at March, 2017		As at March, 2016	
	No of Shares	Amount (Rs.)	No of Shares	Amount (Rs.)
Equity shares				
Opening Balance	12380912	12,38,09,120.00	12380912	12,38,09,120.00
Issued during the year	2726183	2,72,61,830.00	0	-
Closing Balance	15107095	15,10,70,950.00	12380912	12,38,09,120.00

(ii) Rights attached to equity shares:

The company has 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. 1/- (previous year Rs.1.20) and final Dividend recommended for distribution to equity shareholders is Rs.1/-(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

(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, 2017		As at March, 2016	
	No of Shares held	% of Holding	No of Shares held	% of Holding
G Sree Rama Murthy	4629831	30.65	5524640	44.62
K.Satyanarayana	1576900	10.44	2173440	17.55
G Raja Gopal Reddy	225000	1.49	1098568	8.87
Satish Kumar Arya	795840	5.27	795840	6.43
Steel City Financial Services Pvt.Ltd	798500	5.29	615400	4.97

(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-17 Rs.	As at 31-Mar-16 Rs.
Note No.4		
Reserves and Surplus		
Securities Premium Reserve		
Balance at the beginning of the year	1,05,61,845.00	1,05,61,845.00
Received during the year	12,26,78,235.00	-
(Less) : SME IPO Expenses	(2,87,92,254.93)	-
Closing Balance	10,44,47,825.07	1,05,61,845.00
General Reserve		
Balance at the beginning of the year	8,35,79,018.72	7,88,06,643.05
Add: Transfer from Surplus	51,93,170.32	47,72,375.67
Less: Minority Interest	(26,66,615.81)	(38,80,479.60)
Closing Balance	8,61,05,573.23	7,96,98,539.12
Surplus in statement of Profit and Loss		
Opening Balance	39,28,12,703.87	37,46,49,368.33
Add: Net Profit/(Loss) for the current period	5,01,82,943.44	4,16,55,600.42
Less: Minority Interest	(1,74,00,971.62)	(2,67,61,294.90)
Amount available for appropriation	42,55,94,675.69	38,95,43,673.85
Appropriations:		
Transfer to General Reserve	(51,93,170.32)	(47,72,375.67)
Interim Dividend	(1,55,79,695.00)	(1,48,57,094.40)
Interim Dividend Tax	(31,71,667.00)	(30,24,607.00)
Proposed Final Dividend	(1,51,07,095.00)	(16,30,850.00)
Proposed Final Dividend Tax	(30,75,450.00)	(13,23,270.00)
Closing Balance	38,34,67,598.37	36,39,35,476.78
Total	57,40,20,996.67	45,41,95,860.90

The Board of Directors at their meeting held on May 27, 2017 recommended a final dividend of Rs.1/- per equity share

Note No.5		
Long-term borrowings		
Secured		
Vehicle Loans from Banks	4,08,423.00	14,58,458.00
	4,08,423.00	14,58,458.00

Vehicle Loan Received from HDFC Bank & Others, which is payable in monthly installments i.e.Rs. 1,00,538/-

Note No.6		
Deferred tax liabilities (net)		
Deferred tax liabilities		
- Depreciation on fixed assets	-	8,61,307.05
Net Deferred tax liabilities	-	8,61,307.05



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.7		
Short-term borrowings		
Secured		
Loan repayable on demand from banks	-	4,66,41,162.45
Unsecured	-	-
Total	-	4,66,41,162.45

- a) Working Capital facilities from The Karnataka Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu), Collateral Security of specific Immovable Property belong to the Company, personal guarantee of Directors and Properties belonging to Directors/ others aggregated of Rs.3.90 Cr.
- b) 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.7.93 Cr.
- c) Working Capital facilities from The HDFC Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) and personal guarantee of Directors.

Note No.8		
Trade payables		
Trade Payables	5,75,94,485.26	5,07,31,573.60
Margin money from Trade Clients	20,78,92,254.00	15,27,65,379.11
	26,54,86,739.26	20,34,96,952.71

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	4,49,58,581.83	3,38,69,579.62
Margin money from TINFC's	2,44,97,771.03	-
Liability against TINFC Processings	2,81,04,480.00	-
Unpaid dividends	12,96,130.00	22,81,610.00
V Sat Deposits	83,61,807.31	83,61,807.31
	10,72,18,770.17	4,45,12,996.93

- a) There is no interest payable on Vsat Deposits taken from Franchises and the same was paid to Vsat Providers for purchase of VSATs
- b) Unpaid dividends do not include any amount due and outstanding to be credited to investor education and protection funds
- c) During the period ended 31st March 2017 an amount of Rs.4,80,200/- has been transferred to Investor Education and Protection Fund

Note No.10		
Short term provisions		
Provision for Employee benefits		
- provision for gratuity	15,76,468.00	-
Provision for Taxation	2,74,19,760.00	2,21,92,743.60
Provision for Dividend	1,51,07,095.00	16,30,850.00
Provision for Dividend Tax	30,75,450.00	13,23,270.00
	4,71,78,773.00	2,51,46,863.60

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 01.04.2016	Additions as on 31.03.2017	Deletions as on 31.03.2017	As at 31.03.2017	Up to 31.03.2016	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
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	11,77,020.23	60Yrs	98,198.81	-	12,75,219.04	49,26,810.96	50,25,009.77
Buildings WIP	6,15,752.00	-	-	6,15,752.00	-	-	-	-	-	6,15,752.00	6,15,752.00
Furniture & Fixtures	49,10,935.44	11,45,267.00	8,38,806.00	52,17,396.44	31,20,696.63	10Yrs	4,60,759.79	8,38,806.00	27,42,650.42	24,74,746.02	17,90,238.81
Electrical Equipments	2,53,53,676.20	63,38,921.00	42,43,972.00	2,74,48,625.20	1,64,43,919.09	10Yrs	23,89,549.80	42,43,972.00	1,45,89,496.89	1,28,59,128.31	89,09,757.11
Computers	63,01,626.00	69,20,724.00	31,19,284.00	1,01,03,066.00	19,30,746.63	3-6Yrs	17,71,392.11	31,19,284.00	5,82,854.74	95,20,211.26	43,70,879.37
Vehicles	72,27,978.01	-	22,200.00	72,05,778.01	23,22,572.58	8Yrs	8,02,768.03	22,200.00	31,03,140.61	41,02,637.40	49,05,405.43
Cycles	10,090.00	-	-	10,090.00	6,839.01	10Yrs	958.55	-	7,797.56	2,292.44	3,250.99
Other Assets	1,73,909.00	91,396.00	-	2,65,305.00	29,356.22	5Yrs	43,222.61	-	72,578.83	1,92,726.17	1,44,552.78
Total	5,70,62,666.65	1,44,96,308.00	82,24,262.00	6,33,34,712.65	2,50,31,150.39		55,66,849.70	82,24,262.00	2,23,73,738.09	4,09,60,974.56	3,20,31,516.26

Note No.12 : Intangible Assets

Description	Gross Block at Cost				Depreciation				Net Block		
	As at 01.04.2016	Additions as on 31.03.2017	Deletions as on 31.03.2017	As at 31.03.2017	Up to 31.03.2016	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2017	As at 31.03.2017	As at 31.03.2016
Software	25,49,791.00	16,83,701.00	12,99,670.00	29,33,822.00	15,76,346.26	3Yrs	8,44,490.78	12,99,670.00	11,21,167.04	18,12,654.96	9,73,444.74
Total	25,49,791.00	16,83,701.00	12,99,670.00	29,33,822.00	15,76,346.26		8,44,490.78	12,99,670.00	11,21,167.04	18,12,654.96	9,73,444.74



	As at 31 March 17 Rs.	As at 31 March 16 Rs.
Note No.13		
Non Current Investments		
Other investments (quoted) - Trade		
Investment in Equity Instruments		
4,394 (P.Y 4,394) equity shares of Rs.1/- each of BSE Ltd at cost	338.00	-
Other investments (unquoted) -Trade		
Investments in Equity Instruments		
Associate:		
19,20,000 (P.Y 12,60,000) equity shares of Rs.10/- each of Steel City Financial Services Pvt Ltd (Refer note below)	2,74,37,126.82	1,68,16,925.94
Other Investments:		
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
2,500 (P.Y 2500) equity shares of Rs.10/- each of Steel City Infotech Pvt Ltd	25,000.00	25,000.00
4,394 (P.Y 4,394) equity shares of Rs.1/- each of BSE Ltd at cost	-	338.00
	3,74,62,464.82	2,68,42,263.94
Book Value of Quoted Investments	338.00	-
Market Value of Quoted Investments	21,80,159.50	-
Book Value of Unquoted Investments	3,74,62,126.82	2,68,42,263.94

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	2,74,37,126.82

	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.14		
Deferred tax Asset (net)		
Tax effect of items constituting deferred tax liability		
- Depreciation on fixed assets	14,29,736.77	-
Tax effect of items constituting deferred tax liability (A)	14,29,736.77	-
Tax effect of items constituting deferred tax Asset		
- Provision for Doubtful Debts	31,73,207.93	-
Tax effect of items constituting deferred tax Asset (B)	31,73,207.93	-
Deferred Tax Asset (net) (B-A)	17,43,471.16	-



	As at 31 March 17 Rs.	As at 31 March 16 Rs.
Note No.15		
Long term Loans and Advances		
Interest free Security Deposits with Exchanges	4,03,85,000.00	3,85,60,000.00
V Sat Deposits with Exchanges	50,000.00	50,000.00
Telephone Deposits	7,35,241.00	7,38,113.00
Rental Deposits	60,40,732.00	53,97,848.00
Electricity Deposits	7,60,836.00	12,94,470.00
Other Deposits	44,04,787.00	5,69,000.00
	5,23,76,596.00	4,66,09,431.00
Note No.16		
Other Non-current Assets		
Advance Income Tax	6,23,78,543.60	4,49,87,737.12
Prepaid expenses	15,08,572.79	14,03,559.61
	6,38,87,116.39	4,63,91,296.73
Note No.17		
Trade Receivables		
outstanding for a period exceeding Six months		
Unsecured, considered good	10,83,98,221.54	6,30,68,772.04
Unsecured, considered Doubtful	1,19,07,773.77	23,00,000.00
	12,03,05,995.31	6,53,68,772.04
Less: Provision for doubtful debts	1,19,07,773.77	23,00,000.00
	10,83,98,221.54	6,30,68,772.04
outstanding for a period between 3 to 6 months		
Unsecured, considered good	17,46,060.09	5,61,44,025.23
Other Debts - Less than Three Months	42,72,40,565.27	33,66,22,944.17
Secured, considered good		
	53,73,84,846.90	45,58,35,741.44
Note No.18		
Cash and Cash Equivalents		
Cash on hand	14,08,197.20	26,11,523.98
Cheques, drafts on hand and transit	63,21,201.11	69,94,715.55
Balances with Banks		
- in current accounts	5,57,10,113.93	4,15,71,639.42
- Unclaimed dividend account	12,96,130.00	22,81,610.00
- in deposit accounts		
Against Bank Guarantees & other commitments	16,48,58,099.03	25,75,71,540.61
Deposit original maturity less than 12 months	13,25,40,156.00	-
Deposit original maturity more than 12 months	2,74,75,342.00	15,00,000.00
	38,96,09,239.27	31,25,31,029.56

- a) Deposit accounts includes an amount of Rs.14.50 Cr placed with banks (HDFC Bank Rs.9.00 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 March 17 Rs.	As at 31 March 16 Rs.
Note No.19		
Short-term loans and advances		
Unsecured, considered good		
Advance to suppliers	1,26,691.00	47,399.00
Other loans and advances		
Advance to employees	12,55,441.34	4,06,151.34
Receivable from e-Governance Centres	88,28,375.57	-
Others	66,187.00	17,23,154.30
	1,02,76,694.91	21,76,704.64

Note No.20		
Other Current Assets		
Interest accrued on Fixed Deposits	62,90,760.55	-
Other Receivables	19,89,980.62	-
	82,80,741.17	-

Note No.21		
Revenue from Operations		
Income from Broking Operations	28,98,25,834.50	26,30,68,815.33
Income from DP Operations	1,06,03,519.21	1,34,80,974.07
Income from TINFC Operations	5,89,61,943.40	33,08,578.83
Income from UIDAI EA Operations	31,55,894.25	-
	36,25,47,191.36	27,98,58,368.23

Income from DP Operations includes an amount of Rs.22,06,666.75 relating to earlier years

Note No.22		
Other Income		
Interest from Fixed Deposits	2,01,71,377.57	2,22,82,927.53
Insurance Commission	3,10,387.52	2,78,632.17
Prof.Dividend carrying 9% coupon rate	3,60,000.00	-
Bad Debts Recoveries	2,17,594.69	8,05,730.97
Dividend Income	28,726.00	37,349.00
	2,10,88,085.78	2,34,04,639.67

Dividend amount of Rs.28,726/- (PY Rs.37,349/-) received from BSE Ltd



	As at 31 March 17 Rs.	As at 31 March 16 Rs.
Note No.23		
Expenditure on Trading Operations		
Transaction Charges	22,76,097.80	9,42,207.68
Trading Expenses	1,90,395.94	1,63,501.12
Annual Subscription to Exchanges	1,50,750.00	1,59,270.00
Insurance	4,29,728.00	4,47,643.51
V Sat Charges and Maintenance	64,22,991.74	56,37,862.98
Batteries, UPS Maintenance	23,46,557.00	10,95,680.00
	1,18,16,520.48	84,46,165.29

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	8,01,67,366.50	7,62,37,234.00
Contribution to;		
- Provident Fund and other Funds	61,93,898.00	55,56,277.00
- Gratuity	22,26,468.00	10,00,000.00
Staff Welfare Expenses	8,22,704.00	7,75,717.00
	8,94,10,436.50	8,35,69,228.00

- Salaries, wages and bonus includes an amount of Rs. 84,00,000/- (PY Rs.84,00,000/-) 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.
- Contribution to Provident and other Fund includes an amount of Rs.2,26,803/- of Gratuity Fund relating to earlier years

Note No.25		
Finance Cost		
Interest Expenses	41,51,264.19	91,73,392.32
BG Commission and Charges	52,75,208.95	42,27,183.31
Other Borrowings cost	1,14,704.21	2,51,054.59
	95,41,177.35	1,36,51,630.22



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.26		
Other Expenses		
A C Maintenance	1,79,587.00	1,62,285.00
Advertisements	54,328.00	18,765.40
Bad Debts Written off	28,24,108.43	12,46,729.72
Books & Periodicals	2,85,707.00	2,78,614.00
Business Development	41,43,138.44	39,00,658.55
Computer maintenance including parts	47,80,409.50	36,99,838.00
Conveyance	2,68,989.00	2,88,976.00
C S R Expenses	14,07,743.00	12,57,412.00
Current Repairs to leasehold buildings	-	2,71,408.00
Demat charges	1,92,685.98	1,21,341.12
Donations	2,60,000.00	-
e-Governance Commission	4,23,37,346.71	
Electricity Charges and maintenance	76,73,870.11	64,88,631.30
Fee to Company Secretary	1,56,000.00	1,56,000.00
Fees & Charges, Filing fee	20,87,854.44	24,94,542.00
Generator maintenance	2,40,905.00	2,40,305.40
Insurance	10,64,925.00	8,63,517.00
Legal, Consultancy and Professional fee	59,73,836.50	38,95,981.00
Miscellaneous expenses	-	120.00
Office Maintenance	44,95,342.00	38,19,520.30
Office Rent	1,19,55,329.00	1,06,01,483.00
Payment to Auditors(Refer Note No.26.1)	9,80,605.50	8,01,315.00
Printing & Stationary, Postage and Other Charges	22,29,592.61	15,77,226.96
Provision for Doubtful Debts	96,07,773.77	-
Sub-brokerage	8,03,11,881.39	7,66,24,950.66
Subscriptions	5,10,173.00	4,66,036.00
Telephone Charges & Maintenance	49,36,379.49	52,26,780.85
Tours and Travels	9,70,221.81	3,36,519.00
Transportation charges	50,072.40	69,117.00
Vehicle maintenance	9,70,060.75	10,04,911.04
Xerox and coolers maintenance	1,07,548.00	52,122.18
	19,10,56,413.83	12,59,65,106.48

Bad debt Written off amounting to Rs. 28,24,108.43 is relating to earlier years

Note No.26.1		
Payment to Auditors includes payments to Statutory Auditors towards		
Statutory Audit Fee	2,22,150.00	1,20,000.00
Taxation Matters	2,40,000.00	2,40,000.00
Certifications	90,000.00	50,000.00
	5,52,150.00	4,10,000.00



	As at 31-Mar-17 Rs.	As at 31-Mar-16 Rs.
Note No.27		
Earnings per share (EPS)		
Earnings (as reported)	5,01,82,943.44	4,16,55,600.42
Shares		
No. of Shares	1,51,07,095.00	1,23,80,912.00
No. of Weighted Average Shares	1,28,35,276.00	1,23,80,912.00
Earnings per Equity Share (Rs.)		
- Basic	3.91	3.36
- Diluted	3.91	3.36

Note No.28

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

Sl. No.	Particulars	As at 31-Mar-17 Rs.	As at 31-Mar-16 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	24,45,00,000	21,70,00,000
3	Cases against the Company not acknowledged as debts : Legal suits filed against the Company (See note No.28.1(a) & (b))	85,61,809	85,61,809
4	Income tax Demands pending in appeals (See note No.28.1(c))	1,79,53,690	1,75,64,576
5	Show cause notices from Service tax department for which the Company has filed replies	42,44,046	--
6	Service tax demands, pending in appeal (See Note No.28.1(d))	1,79,89,154	--

Note 28.1

- (a) Cases against the Company and not acknowledged as debts, amounting to Rs.27,33,809/- are pending at various courts/forums and out of these, claims amounting to Rs.15,17,633/- orders were passed in favour of the company and the appeals of the claimants, against these orders are pending.
- (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) Income tax demands against the Company for the AY 2008-2009 to 2014-2015, for which the Company has filed Appeals before the Appellate Authorities. However the Company has paid the entire amount of Demand upto AY 2013-2014
- (d) Service tax demands against the Company for which an Appeal with the Commissioner of Central Excise and Service Tax has been filed. The Company has deposited an amount of Rs. Rs.13,49,186/- as a condition precedent of hearing the appeal before learned Commissioner (Appeals). The appeal has not been fixed for hearing.

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

Segment Reporting:

The Company is engaged in the business of providing Stock/commodity broking and broking related services i.e. depository participant services to predominantly retail clients and also services like TINF C services which are regulated by the same Regulatory Authority. Accordingly the primary segments have been identified as Stock broking (including broking related services) 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.31

Related Party Disclosures for the period ended 31st March, 2017:

- (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 :	
Holding Company	Steel City Securities Limited
Subsidiary Companies	Steel City Commodities Private Limited
Group Companies	Steel City Financial Services Private Limited
(b) Other related parties :	
Key Management Personnel	Mr. G. Sree Rama Murthy
	Mr. K. Satyanarayana
	Mr. Satish Kumar Arya



(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	0.00	4,00,00,000.00	4,77,27,394.46	4,77,27,394.46	(15,27,400)	0.00
2	Associate Company	Steel City Financial Services Private Ltd	0.00	0.00	0.00	0.00	7,98,500	0.00
3	Chairman and Managing Director	G Sree Rama Murthy	30,00,000.00	0.00	0.00	0.00	46,29,831	9,403.54
4	Executive Director	K Satyanarayana	30,00,000.00	0.00	0.00	0.00	15,76,900	310.00
5	Director (Operations)	Satish Kumar Arya	24,00,000.00	0.00	0.00	0.00	7,95,840	11,43,999.56
6	Relative of Key Management -Wife of Sri K Satyanarayana	K Mahalakshmi	0.00	0.00	0.00	0.00	51,600	43,016.29
7	Relative of Key Management - son of Sri K Satyanarayana	K S V Ramesh Babu	5,34,500.00	0.00	0.00	0.00	91,300	72.00
8	Relative of Key Management - wife of Sri Satish Kumar Arya	Nirmala Devi Arya	0.00	0.00	0.00	0.00	46,800	1,32,904.46
Total			89,34,500.00	4,00,00,000.00	4,77,27,394.46	4,77,27,394.46	64,63,371	13,29,705.85

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.	386958.00
G. Sree Rama Murthy	0.00
K. Satyanarayana	0.00
Satish Kumar Arya	0.00



Note No.32

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:

	(in Rupees)
	31 st March 2017
Net Asset / (Liability) recognised in the Balance Sheet:	
Present Value of Defined Benefit Obligation	85,97,986
Fair Value of Plan Assets	70,21,518
Funded Status [Surplus / (Deficit)]	(15,76,468)
Unrecognised Past Service Costs	--
Net Asset / (Liability) recognised in the Balance Sheet	(15,76,468)
Change in Defined Benefit Obligations (DBO) during the Year:	--
Present Value of DBO at the beginning of the Year	65,40,376
Current Service Cost	11,41,214
Interest Cost	4,97,540
Actuarial (Gains) / Losses	--
Past Service Cost	--
Benefits Paid	(4,84,811)
Actuarial loss/(gain) on obligation (balancing figure)	9,03,667
Present Value of DBO at the end of the Year	85,97,986
Change in Fair Value of Assets during the Year:	--
Plan Assets at the beginning of the Year	63,13,573
Expected Return on Plan Assets	5,43,674
Actual Company Contributions	6,50,000
Actuarial Gain / (Loss)	(918)
Benefits Paid	(4,84,811)
Plan Assets at the end of the Year	70,21,518
Actual Return on Plan Assets	5,42,756
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.	70,21,518
Assumption used in accounting for Gratuity Plan:	
Discount Rate	7.30
Salary Escalation Rate	5.00
Expected rate of return on plan assets	7.55



Note No.33

Statement of utilisation of Initial Public Offering ('IPO') as on 31 March 2017:

In February, 2017 the Company approached the capital market by way of an SME IPO. The utilisation of the proceeds from IPO in the current year is set out below

Particulars	Envisaged in the Prospectus	Utilisation as on 31-03-2017	Amount in lakhs
			Amount remaining to be utilized
Investment in Technology upgradation and Office Infrastructure for expansion of E-Governance business	390.00	97.27	292.73
Setting up AADHAR Enrollment centers at all our existing Branches	264.00	0.87	263.13
Enhancement of Companies brand through advertising and other brand building activities	250.00	1.00	249.00
Working Capital Requirement	200.00	200.00	0.00
Offer Expenses	220.00	241.07	(21.07)
General Corporate Purpose	175.40	175.40	0.00
Total	1499.40	715.61	783.79

Note No.34

Details of Specified Bank Notes transacted during the period 8th November, 2016 to 30th December, 2016 (in Rs.)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	9,80,500.00	12,75,901.29	22,56,401.29
Add: Permitted Receipts	0.00	37,48,495.00	37,48,495.00
Less: Permitted Payments	31,500.00	10,49,931.19	10,81,431.19
Less: Amount Deposited in Banks	9,49,000.00	13,39,157.00	22,88,157.00
Closing Cash on hand as on 30.12.2016	0.00	26,35,308.10	26,35,308.10

Note No.35

Corporate Social Responsibility

- Gross Amount required to be spent by the Company during the year Rs.13,17,100.06
- Amount required to be spent (unspent) for the Financial Year 2015-2016 is Rs.36,642.93
- Total Amount spent during the year is Rs.14,07,743.00 as detailed below:

Particulars	Amount (Rs.)
Amount Contributed to Sweekaram Education Society of Greater Visakhapatnam Municipal Corporation, Visakhapatnam.	7,00,000.00
Amount Contributed to Prime Minister National Relief Fund	7,07,743.00
Total	14,07,743.00



Note No.36

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

Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at 31st March (%)				
		2017	2016	2015	2014	2013
Steel City Commodities Private Ltd.	India	83.65	74.91	71.99	69.07	66.75

Note No.37

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

(Rs. In lakhs)

Name of the Entry	Apr' 16 to March '17			
	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	85.33%	6187.35	92.73%	465.33
B. Subsidiary				
Steel City Commodities Private Limited	18.72%	1357.29	10.76%	53.99
Total (A + B)	104.05%	7544.64	103.43%	519.32
Less : CFS adjustments and eliminations	4.05%	293.72	3.43%	17.49
Total	100.00%	7250.92	100.00%	501.83

Note No.38

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 **Sudhakar & Kumar Associates**
Chartered Accountants
Firm Reg.No.004165S

For **STEEL CITY SECURITIES LIMITED**

P RAMA KRISHNA RAO
Partner
Membership No.26820

G.SREE RAMA MURTHY
CHAIRMAN AND MANAGING DIRECTOR

K SATYANARAYANA
EXECUTIVE DIRECTOR (S)

SATISH KUMAR ARYA
DIRECTOR (OPERATIONS)

PLACE: VISAKHAPATNAM
DATE : 27.05.2017

G S R PRASAD
DIRECTOR

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 : U67120AP1995PLC019521
 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 Twenty Third Annual General Meeting of the company, to be held on the Saturday 19th August of 2017 at 10.30 a.m at 49-52-5/4, Shanthipuram, Visakhapatnam-530016, Andhra Pradesh 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 Audited Financial Statements of the Company for the financial year ended March 31, 2017 and the Report of Board of Directors and Auditors there on (Ordinary Resolution)		
2.	To confirm the payment of Interim Dividend on Equity Shares and to declare final dividend for the Financial Year 2016-17(Ordinary Resolution)		
3.	Appointment of a Director in place of Sri K. Satyanarayana (DIN: 00045387) who Retires by Rotation and being eligible offers himself for Re-appointment (Ordinary Resolution).		
4.	Appointment of M/S SARC & Associates, Chartered Accountants, Visakhapatnam as Statutory Auditors of the Company for 2017 -18 (Ordinary Resolution)		

* Applicable for investors holding shares in Electronic form.

Signed this _____ day of _____, 2017

Signature of Shareholder Signature of Proxy holder



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 Third (23rd) Annual General Meeting on the 19th day of August, 2017 at 10.30 a.m.

Full name of the Member attending the meeting
(In block capitals)

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 Twenty Third Annual General Meeting of the Steel City Securities Limited at 49-52-5/4, Shanthipuram, Visakhapatnam-530016, Andhra Pradesh, India on the 19th August 2017 at 10.30 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.



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CIN No. : U67120AP1995PLC019521

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

E-mail : scsl@steelcitynettrade.com

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