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STEEL CITY
SECURITIES LIMITED

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Steel City Securities Limited

STEEL CITY SECURITIES LIMITED

(CIN: L67120AP1995PLC019521)

VISAKHAPATNAM

24th ANNUAL GENERAL MEETING

to be held on
1st September, 2018 at 11.30 A.M
at
Hotel Diamond's Pearl
Door No. : 47-7-16(2), Near Diamond Park,
Sankaramatam Road, Dwarakanagar,
Visakhapatnam – 530016, Andhra Pradesh, India.

Registered Office:

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

Phone : 0891-2563581, Fax: 0891-2563585

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

Website : www.steelcitynettrade.com



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Company Information

BOARD OF DIRECTORS:

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

CHIEF FINANCIAL OFFICER

N. Ramu

COMPANY SECRETARY &

COMPLIANCE OFFICER

M. Srividya

STATUTORY AUDITORS

M/S. SARC & Associates
Chartered Accountants

SECRETARIAL AUDITORS:

M/S. ASN Associates
Company Secretaries

REGISTRAR & TRANSFER AGENT

Bigshare Services Private Limited

BANKERS TO THE COMPANY

HDFC Bank Limited

Karnataka Bank Limited

Karur Vysya Bank Limited



COMPOSITION OF BOARD COMMITTEES

Members of Audit Committee

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

Members of Nomination and Remuneration Committee

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

Members of Stakeholder Relationship Committee

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

Members of Corporate Social Responsibility (CSR) Committee

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

Members of Internal Complaints Committee

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



Message from the Chairman

Dear Shareholders,

It gives immense pleasure for me to present before you the 24th Annual Report of the Company.

In 2018, Our Company made significant progress in expanding our network via e-governance franchise that laid the foundations for future growth in revenue, profitability and shareholder value. Our company has posted the highest ever turnover and net profit. The management and Team had put together an aggressive plan and strive hard to achieve it.

The Segmental performance of e-governance has increased manifold thereby reducing the dependency on brokerage income. We have presence in 1000+cities with 7730 franchises as on 31st March, 2018. We are processing 10Lakhs+ PAN cards per month. We are focusing on augmenting product line under the e- governace segment with emphasis on NPS promotion. We are leveraging the TIN Centers for distribution of third party products such as loans, mutual funds, insurance schemes and IPO's.

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

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 are in advance stages of mobile application development which will give flexibility for our clients. We have well-build surveillance to prevent from the vulnerable threats for our entire business operations. We are also building Disaster recovery site to maintain business continuity.

Lastly, I would like to thank all our invaluable Shareholders, Business Partners, Customers and Employees for their continuous and dedicated support in realizing our vision and goals. I would like to extend my gratitude to our Board of Directors for their continuous able guidance and support. We will not leave any stone untouched, which will help in improving the growth of our organization. We are totally committed to put our hard and dedicated efforts to maximize the wealth of our stakeholders.

Yours Faithfully,

K. Satyanarayana
Executive Chairman



Remarkable performance with strong growth and bottom line in FY 2017-18

2017 was a remarkable year for Steel City Securities Limited. We entered the year with an ambitious plan and with a great effort, we delivered on both the strategic and financial objectives. We have expanded our E-governance office network significantly, and lifted the company to new standards on all levels.



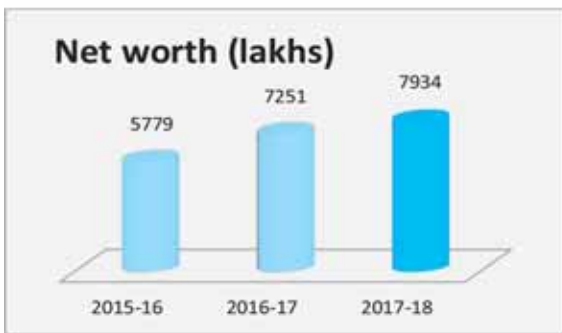
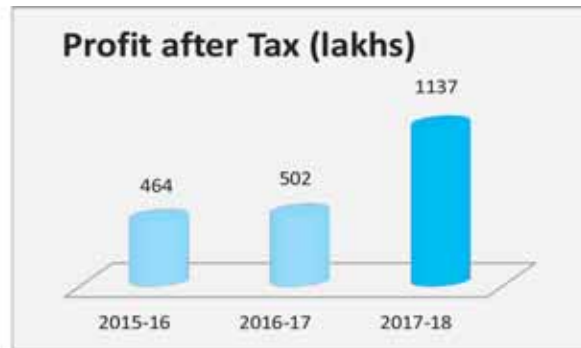
Growth in key performance indicators in FY 2017-18 vs FY 2016-17

Revenue
72%

EBITDA
99%

Net profit
126%

New Centers added
4994



Financial Metrics





Business Overview

About Us

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

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



Our Services

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

Capital Market Services

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

Commodity Broking

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



E-Governance

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

NBFC

- Project financing
- Investments



Capital Market Services

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

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

Commodity Broking/Insurance

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

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

NBFC

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

E-Governance

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

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

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

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

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

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



Our Presence

Branch Offices

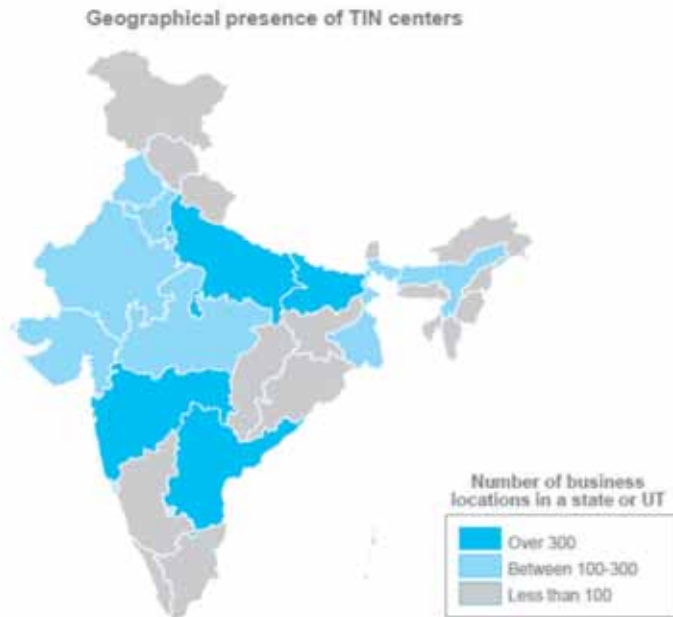
9 regional offices
 +72 owned branches
 +1600 trading terminal licences

E-Governance

34 states and union territories with e-governance presence

Operating companies

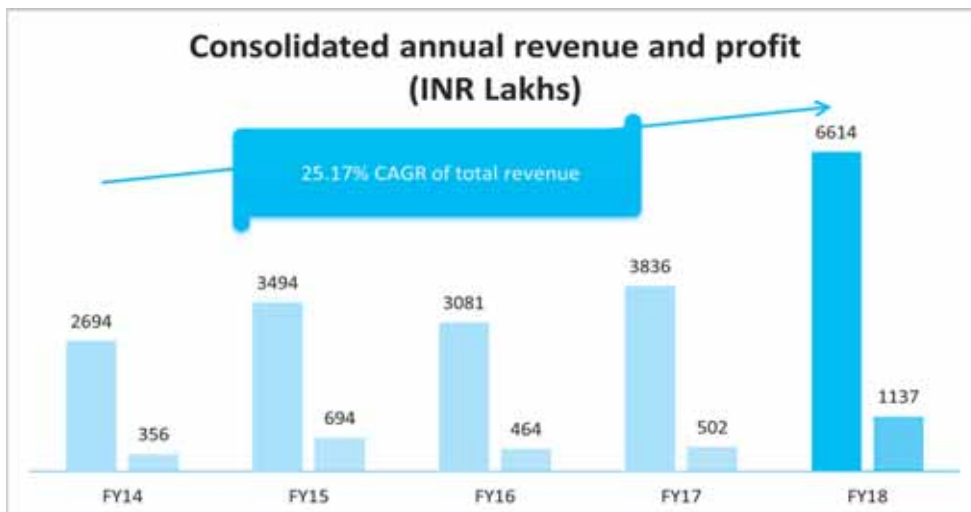
Steel City Commodities (P) Ltd (Subsidiary of Steel City Securities)
 Steel City Financial Services (P) Ltd (Part of Group company)



Financial Highlights

FY18 witnessed a year-on-year growth of 72.4% in revenue while EBIT and net profit grew at 99.73% and 126.52% respectively. Segmental performance of e-governance has increased manifold thereby reducing the dependency on brokerage income. Continuing the tradition of shareholder’s wealth maximization, the company paid a dividend (25% in FY18) for 10th consecutive year.

Commission increased owing to growth in TIN centers from 541 centers in FY16 to 7730 centers by March, 2018 out of which 4994 new centers added in FY18, GST registered centers comprised 800 of the total.



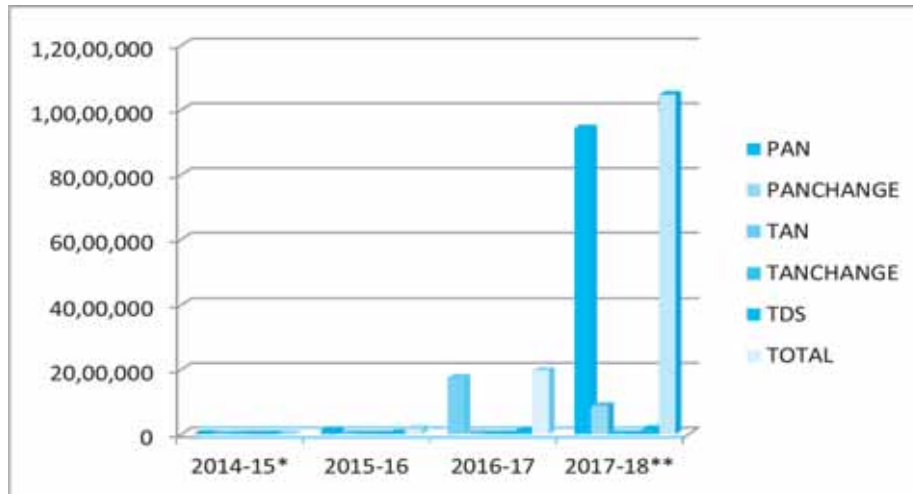


TIN-FC YEARLY PERFORMANCE (Statistical data)

(number)

Period	PAN		TAN		TDS	TOTAL
	NEW	CHANGE	NEW	CHANGE		
2014-15	7,084	665	8	0	122	7,879
2015-16	121,032	12,652	955	161	33,371	168,171
2016-17	1,747,796	12,652	3,604	238	115,383	1,969,646
2017-18	9,429,807	875,704	6,714	234	162,220	10,474,679
Total	11,305,719	901,673	11,281	633	311,096	12,620,375

TIN-FC YEARLY PERFORMANCE (Graph)



TIN-FC BRANCH EXPANSION NETWORK (Statistical Data)

Period	No of Centers
2014-15	71
2015-16	470
2016-17	2195
2017-18	4994
Total	7730



TIN-FC BRANCH EXPANSION NETWORK (GRAPH)



In progress

- GST (Goods and Services Tax)
- E-KYC
- E-Signature
- DRS (Disaster Recovery Site) advance stage

Infrastructure

'Steel City' provides services to its clients through a network of 72 branches, 7 sub-brokers and 1193 authorized set ups spread in 29 states and 5 union territories.

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

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

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

In order to catch up with disruptive technology trend, our company is working on development of mobile trading app (which is in advanced stages) for online trading. The company ensures prompt enhancement of its core application like trading platform, trading back office etc. We also maintain disaster recovery site for back up services. This enables it to satisfy business needs as well to maintain seamless service to our customers.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Twenty Fourth Annual General Meeting** of the Members of Steel City Securities Limited will be held on Saturday, the 1st day of September, 2018 at 11.30 A.M at **Hotel Diamond's Pearl, D. No: 47-7-16 (2), Near Diamond Park, Dwarakanagar, Sankaramatam Road, Visakhapatnam – 530016, Andhra Pradesh, India** to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Financial Statements (both Standalone & Consolidated Financial Statements) consisting of Profit & Loss Account and Cash Flow Statement for the Financial Year ended 31st March, 2018 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 2018, consisting of Balance Sheet as at 31st March, 2018, Statement of Profit and Loss Account and Cash flow Statement for the year ended 31st March, 2018 together with the notes to Financial Statements and the Reports of the Board of Directors and Auditors including Annexure thereof laid before this meeting, be and are hereby considered and adopted. “

2. To confirm the 1st and 2nd Interim Dividend on Equity Shares and declare a Final Dividend of Rs. 0.50/- for every Equity Share of Rs. 10/- each i.e., @5% for every Equity Share for the Financial Year 2017-18.

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

“RESOLVED THAT 1st Interim Dividend @ 10% i.e., Rs. 1 /- (Rupee One Only) per Equity Share of the Company declared by the Board of Directors of the Company at its meeting held on 12th October, 2017, be and is hereby confirmed. “

“RESOLVED THAT 2nd Interim Dividend @ 10% i.e., Rs. 1 /- (Rupee One Only) per Equity Share of the Company declared by the Board of Directors of the Company at its meeting held on 27th February, 2018 be and is hereby confirmed. “

“FURTHER RESOLVED THAT a Final Dividend @ 5% i.e., Rs. 0.50 /- (Fifty Paise Only) per Equity Share of the Company for the Financial Year 2017-18, as recommended by the Board of Directors be and is hereby declared and approved.”

3. To re-appoint Smt. G. V. Vandana (DIN : 07548398) as Director of the Company whose office is liable to retire by rotation and being eligible, offers herself 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 Smt. G. V. Vandana (DIN: 07548398), 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 a period of 4 years from Financial Year 2018-19 to Financial Year 2021-2022.

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 a period of 4 years from Financial Year 2018-19 to Financial Year 2021-2022 subject to ratification by Shareholders at every Annual General Meeting, at such remuneration and out of pocket expenses as mutually agreed between the Board and the Auditors.”

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for Regularisation of Additional Director, Sri. T. V. Srikanth :

“RESOLVED THAT Sri. T. V. Srikanth (DIN: 07992172), who was appointed as an Additional Director on the Board of Directors (‘Board’) of the Company with effect from 24th November, 2017, in terms of Section 161 of the Companies Act, 2013 and who holds office up to the date of this Annual General Meeting, and in respect of whom a notice has been received from a member in writing, under Section 160 of the Companies Act, 2013 along with requisite deposit, proposing his candidature for the office of a Director, be and is hereby appointed as a director of the company.”

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution for appointment of Sri. T. V. Srikanth as Whole-Time Director of the Company designated as Director (IT):

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, and the rules made there under, including any amendment, modification, variation or re-enactment thereof read with Schedule V to the Companies Act, 2013, for the time being in force, the consent of the members of the



Company be and is hereby accorded for appointment of Sri. T. V. Srikanth (DIN: 07992172), as Whole- Time Director designated as Director (IT) for a period of Five(5) years w.e.f. 26.07.2018 at a remuneration of Rs. 20,00,000/- per annum (Rupees Twenty Lakhs Only) (including the remuneration to be paid in the event of loss or inadequacy of profits in any Financial Year during the aforesaid period) excluding other benefits, allowances, perquisites and other such terms and conditions as may be determined and agreed to between the Board of Directors and Mr. T. V. Srikanth :

Regd. Office:

49-52-5/4

Shantipuram

Visakhapatnam – 530 016

Andhra Pradesh

Place: Visakhapatnam

Date: 26.07.2018

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

(K. SATYANARAYANA)

EXECUTIVE CHAIRMAN

(DIN: 00045387)

NOTES:

1. An Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013 is annexed to this notice.
2. 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.

3. Members / Proxies shall bring attendance slips filled in and duly signed for attending the meeting.
4. 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24.08.2018 to 31.08.2018 (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.



6. 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.
7. 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.
8. **Registrar and Share Transfer Agent:** M/s. Bigshare Services Private Limited have been appointed by the Company as Registrar and Share Transfer Agent by the Company. Hence, Depository Participants/ Shareholders / Investors of the Company are advised to send all documents / correspondence such as requests for Dematerialization of Shares, Transfer of Shares, Change of Address , Registration of e- mail id, Change of Bank Mandate / NEACS , and other Shares related documents.
9. **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.
10. In compliance with the provisions of Section 108 of the Act and the Rules framed there under, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by CDSL, on all the resolutions set forth in this Notice. The instructions for e-voting are given in a separate sheet attached to this report. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
11. 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.
12. 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.
13. Pursuant to the provisions of Section 72 of the Companies Act, 2013, Shareholders are entitled to make nomination in respect of Shares held by them in physical form, Shareholders desirous of making nominations are requested to send their requests to the Registrar and Share Transfer Agent.



14. As per the Circular No: MRD/ DOP/ CIR – 05/ 2009 dt: May 20, 2009 issued by the Securities Exchange Board of India (SEBI), it is mandatory to quote PAN for transfer/ transmission of Shares in Physical Form. Therefore, the transferee(s)/ legal heirs are requested to furnish a copy of PAN to the Registrar and Share Transfer Agent.
15. 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.
16. 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	G. V. Vandana
Date of Birth	10.10.1978
Date of Appointment	30.06.2016
No. of Shares held in the Company	25,75,500 Shares

Details of the Additional Director seeking ratification of the appointment at the Annual General Meeting:

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



**Explanatory Statement pursuant to the provisions of
Section 102 of the Companies Act , 2013:**

ITEM NO: 5: REGULARISATION OF ADDITIONAL DIRECTOR, SRI. T.V. SRIKANTH :

Sri. Tentu Venkata Srikanth was appointed as Additional Director of the Company at the meeting of the Board of Directors held on 24.11.2017 to hold office till the conclusion of the ensuing Annual General Meeting. The Board at their meeting held on 26.07.2018 proposed to regularize his appointment as Director of the Company.

Your Directors therefore, recommend the passing of the above proposed resolution as Ordinary Resolution in the best interest of the Company.

None of the Directors of the Company are concerned or interested in the aforesaid resolution.

ITEM NO: 6 : APPOINTMENT OF SRI. T.V. SRIKANTH AS WHOLE-TIME DIRECTOR OF THE COMPANY DESIGNATED AS DIRECTOR (IT):

The appointment of Sri. Tentu Venkata Srikanth as Additional Director of the Company was regularized by passing the above resolution and in the proposed resolution, your Directors recommend his appointment as Whole – Time Director of the Company designated as Director (IT). He graduated from IIT (Delhi) and worked as a Program Manager in Quality Engineering and Software technologies Pvt. Ltd. from 2005 to 2018. His inclusion as a Whole – Time Director will help the Company to explore new technologies so as to ease the work done by Employees of the Company. Considering his vast experience and valuable contribution that he shall contribute to the Company, the Board of Directors at their meeting held on 26.07.2018 proposed his appointment as Whole – Time Director of the Company designated as Director (IT) for a period of 5 years at a remuneration approved by the nomination and remuneration Committee of the Company and as mentioned in the notice supra.

Your Directors, therefore, recommend the passing of the above proposed resolution as ordinary resolution in the best interest of the company.

None of the Directors of the company are concerned or interested in the aforesaid resolution.

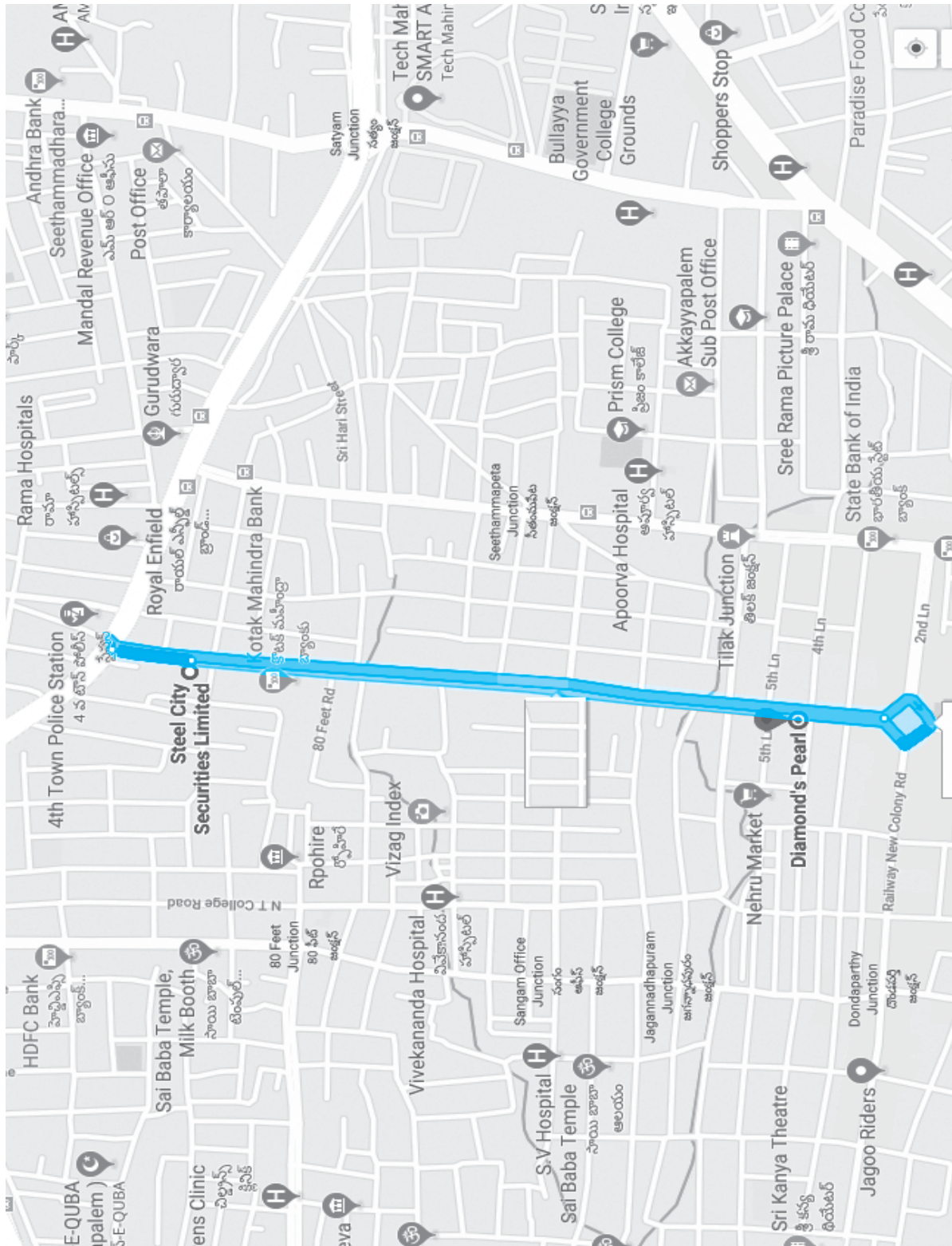
Regd. Office:
49-52-5/4
Shantipuram
Visakhapatnam – 530 016
Andhra Pradesh
Place: Visakhapatnam
Date: 26.07.2018

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

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



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- Fourth Annual Report on the business and operations of the Company along with the Audited Financial Statements for the Financial Year ended 31st March, 2018 and the Report of the Auditors thereon.

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

(Rs. in Lakhs)

Particulars	Standalone		Consolidated	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Gross Income	6361.67	3544.70	6613.86	3836.35
Expenditure	4703.55	2792.44	4918.52	3018.25
Profit before Depreciation & Taxation	1658.12	752.26	1695.34	818.11
Less: Depreciation	86.28	60.49	89.56	64.11
Profit before Taxation	1571.84	691.77	1605.78	753.99
Less: Provision for Taxation				
For earlier years	22.83	1.26	23.99	1.80
For current year	439.54	250.68	451.42	274.20
Deferred Tax Liability	1.61	(25.50)	1.47	(26.05)
Provision for FBT	-	-	-	-
Net Profit after Taxation	1107.86	465.33	1128.90	504.04
Add: Share of Profit in Associate	-	-	15.25	7.20
Profit after Tax and Share of Profit in Associate	-	-	1144.15	511.25
Less: Minority Interest	-	-	(7.42)	(9.42)
Profit for the Year	1107.86	465.33	1136.73	501.83
Add: Balance brought forward from earlier year	2912.93	2854.68	4018.10	3928.13
Balance available for appropriations	4020.80	3320.00	4976.81	4255.95
Less: Amount transferred to Reserves	110.79	46.53	114.56	51.93
Less: Interim Dividend and Dividend Tax	363.65	178.72	363.64	187.51
Less: Proposed Dividend and Dividend Tax	87.51	181.83	94.84	181.83
Balance carried forward to P & L A/c	3458.85	2912.93	4403.75	3834.68



2. DIVIDEND:

The Board of Directors of the Company at their meeting held on the 12th day of October, 2017 has declared 1st Interim Dividend @ 10% for every Equity Share of Rs. 10/- each and has declared 2nd Interim Dividend @10% for every Equity Share of Rs.10/- each at their meeting held on 27th day of February, 2018 after considering the Provisional Financials of the Company. The Board further recommends a Final Dividend @ 5% for every Equity Share of Rs. 10/- each after taking into consideration the Financial position of the Company. On the whole the Company has declared a dividend of Rs. 2.50/- i.e, @25% (inclusive of Interim and Final Dividend) for every Equity Share of Rs.10/- each for the Financial Year 2017-18.

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

Standalone:

During the year under review, the Company has recorded an Income of **Rs.6361.67** Lakhs as compared to the previous year amount of **Rs.3544.70** Lakhs. The Expenditure incurred before depreciation during the year was **Rs.4703.55** Lakhs as against the amount of **Rs.2792.44** Lakhs during the previous year. The depreciation and provision for taxes provided during the year were **Rs.86.28** Lakhs and **Rs.463.98** Lakhs respectively as compared to the depreciation and provision for taxes provided for the previous year were **Rs.60.49** Lakhs and **Rs.226.44** Lakhs respectively. Hence, the Company has earned a Net Profit of **Rs.1107.86** Lakhs as compared to the previous year amount of **Rs.465.33** Lakhs. During this year, the Net Profit has increased @ **138.08%** 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 has opened around 5000+ Franchises during the Financial Year 2017-18. 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.6613.86** Lakhs as compared to the previous year amount of **Rs.3836.35** Lakhs. The Expenditure incurred before Depreciation during the year was **Rs.4918.52** Lakhs as against the amount of **Rs.3018.25** Lakhs during the previous year. The depreciation and provision for taxes provided during the year were **Rs.89.56** Lakhs and **Rs.476.88** Lakhs respectively as compared to the depreciation and provision for taxes provided for the previous year were **Rs.64.11** Lakhs and **Rs.249.95** Lakhs respectively. Hence, the Company has earned a Net Profit of **Rs.1128.90** Lakhs before considering Minority Interest and Share of Associate and **Rs.1136.73** Lakhs after considering Minority Interest and Share of Associate as compared to the previous year amount of **Rs.504.04** Lakhs before considering Minority Interest and Share of Associate **Rs.501.83** Lakhs after considering Minority Interest and Share of Associate. The Net Profit for the year increased by **126.52%** as compared to the Net Profit for the previous year. The Board considered the matter and has formulated necessary business plans to further increase the profit of the Company during the current Financial Year 2018-19.

4. MILESTONES ACHIEVED:

Your Company is having its footprint in 34 States and Union Territories across India and is operating through more than 70 owned branches, 8500+ Franchises and is having more than 5000 Authorised Persons working under the Company.



5. GROWTH PROSPECTS FOR INDIAN CAPITAL MARKET IN 2018:

At a time when most economies in the world are moving at a sluggish pace, India, by contrast, is seen as a reforming economy with the prospect of strong long-term growth. In addition, the stock markets will become the fifth largest in world by 2018, Sanctum Wealth Management report said. "Prospective returns for equities are much higher than the 6-8 percent that one can expect from fixed income," it noted. However, if inflation or rates rise, markets are not likely to register further gains. Muted earning could also impact market performance. "Considering the fact that Nifty50 is in a broader uptrend, a sustained move beyond the 10,490-10,580 levels could lead to a rally towards 11,200-11,500 levels in the medium term," it noted. India will overtake China to be the fastest growing large economy in 2018 and the country's equity market will become the fifth largest in the world, a report said.

"India will become the fastest growing large economy in the world, eclipsing China. Indian equity market will jump to become the fifth largest in the world," the report said. Moreover, India also benefits from a favorable contrast to other emerging markets. In particular, the fact that China is downshifting to a slower pace of growth. As per the report, a major factor that has changed is that the domestic buyer now sets market prices. Domestic mutual funds bought equities worth \$15.3 billion against \$8 billion by foreign investors in 2017.

The World Bank is estimating India's economy to grow by 6.7 percent during the current fiscal year, higher than the 6.5 percent estimate by the Indian government. The Gross Domestic Product (GDP) growth is expected to rise to 7.3 percent in 2018-19, making India again the world's fastest growing economy, according to the World Bank's Global Economic Prospects report. The report dropped the growth estimate for 2017-18 by 0.1 percent from its projection June 2017, because of the disruptions to the economy from the Goods and Services Tax (GST). But it raised the growth forecast for 2018-19 by 0.1 percent from the June figure. The Bank forecast GDP growth of 7.5 percent in 2019-20 and 2020-21.

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 2018 are appended to the Annual Report.

Steel City Commodities Private Limited

Steel City Commodities Private Limited became Subsidiary of the Company in 2004 and 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 2017-18, the Subsidiary has earned a Net Profit of Rs. 50.67 Lakhs as against the Net Profit of Rs. 77.49 Lakhs for the Financial Year 2016-17. The profit of the Company decreased by 65.39% as compared to the F.Y. 2016-17 due to sluggish market conditions.

Steel City Financial Services Private Limited:

Steel City Financial Services Private Limited is an Associate Company of Steel City Securities Limited carrying on the business of Non-Banking Financial Services to its client by providing Personal Loans etc., During the Financial Year 2017-18, the Associate Company has earned a Net Profit of Rs. 34.86 Lakhs as against the Net Profit of Rs. 16.47 Lakhs for the Financial Year 2016-17. The Profit of the Company increased by 111.66% as compared to the F.Y. 2016-17.



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, 2018, the Company has not received any complaint pertaining to sexual harassment.

8. ISO CERTIFICATION:

The Company continues to hold ISO 9001 : 2015 Certification with the scope of "Service Provision for Stock / Securities Market Operations, Depository Participant Services, Other Allied and Customer Support Services" from TUV India Pvt. Ltd. The Company has been complying with the concerned procedure in this regard.

9. NUMBER OF MEETINGS OF THE BOARD:

During the F.Y. 2017-18 the Board of Directors met for 9 (Nine) times to discuss about the business and other important matters relating to the Company and the details of the meetings of the Board 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 19th August, 2017, M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) were appointed as Statutory Auditors of the Company and shall hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2018. Since the term of the Statutory Auditors is completed, the Board recommend the appointment of M/s. SARC & Associates, Chartered Accountants, Visakhapatnam (FRN: 006085N) as Statutory Auditors of the Company for a period of 4 years from the Financial Year 2018-19 till the Financial Year 2021-22.

(b) Internal Auditors:

M/s. Rao & Manoj Associates, Chartered Accountants, Visakhapatnam were appointed as the Internal Auditors of the Company for the Financial Year 2017-18, who are acting independently and also responsible for regulatory and legal requirements relating to operational processes and internal systems. As the Board is satisfied with the performance of these Auditors the Board Proposes to Appoint them in the next Board meeting as Internal Auditors for the Financial Year 2018-2019 also. These Auditors Report directly to the Chairman of the Board of Directors.



Sri. Y.S.N. Murthy, Chartered Accountant, Visakhapatnam was appointed as Internal Auditor of the Company for the Financial Year 2017-18, 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 in the next Board meeting as Internal Auditors for the Financial Year 2018-2019 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 2017-18. As the Board is satisfied with the performance of these Auditors the Board Proposes to Appoint them in the next Board meeting as Internal Auditors for the Financial Year 2018-2019 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 Year 2017-18. As the Board is satisfied with the performance of these Auditors the Board Proposes to Appoint them in the next Board meeting as Internal Auditors for the Financial Year 2018-2019 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 2017-18. The Secretarial Audit Report for the Financial Year 2017 - 18 form part of the Annual Report as Annexure- 8 to the Board's Report. As the Board is satisfied with the performance of these Auditors the Board Proposes to Appoint them in the next Board meeting as Secretarial Auditors for the Financial Year 2018-2019 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 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. 15,11,017.00 , 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, 2018, 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:

Sri. G. Sree Rama Murthy, Chairman and Managing Director of the Company ceased to be Director of the Company due to death on 05.11.2017 and the same was noted by the Board of Directors at their meeting held on 11.11.2017. Sri. K. Satyanarayana, Executive Director



(Surveillance) was re-designated as Executive Chairman of the Company and Sri. Satish Kumar Arya, Director (Operations) was re-designated as Managing Director of the Company at the Meeting of the Board of Directors of the Company held on 24.11.2017 and the same was approved by the Shareholders by passing resolution through Postal Ballot. The Board at their meeting held on 24.11.2017 has appointed Sri. T. V. Srikanth as Additional Director of the Company to hold office till the Conclusion of the ensuing Annual General meeting.

(b) Independent Directors:

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

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

(c) Retirement by Rotation:

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

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

(d) Key Managerial Personnel (KMP):

Pursuant to the provisions of Section 203 of the Act, which came into effect from April 1, 2014, the Board of Directors have approved the appointments of Sri Kamireddi Satyanarayana, Executive Chairman; Sri Satish Kumar Arya, Managing Director, Sri 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 2018, 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 have 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 as on the 31st day of March, 2018 has fully utilized the amount raised 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
Issue Proceeds	1499.40
Less: Utilisation of IPO proceeds upto March 31, 2018	1499.40
Funds Unutilized	NIL

The table below depicts the object wise utilization of the proceeds of the IPO as on 31.03.2018:

Particulars	Proposed amount as per Prospectus	Proposed amount as per the Resolution passed through Postal Ballot on 02.01.2018	Amount utilized as on 31.03.2018
Investment in Technology Upgradation and office infrastructure for expansion of E- Governance business	390.00	194.02	194.02
Setting up AADHAAR Enrolment centre at all our existing Branches	264.00	0.87	0.87
Enhancement of our Company's brand through advertising and other brand-building activities	250.00	1.00	1.00
Working Capital Requirement	200.00	887.04	887.04
Offer Expenses	220.00	241.07	241.07
General Corporate Purposes	175.40	175.40	175.40
Total	1499.40	1499.40	1499.40

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. 3,61,350/- of Unclaimed Dividend as and when they became due to Investor Education and Protection Fund (IEPF) during the Financial Year 2017-18.

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., 19th August, 2017), with the Ministry of Corporate Affairs.



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

Pursuant to the provisions of Section 124(6) Companies Act, 2013, the Company is required to transfer Shares of the Company relating to those Shareholders who haven't claimed Dividend for a period of 7(Seven) Consecutive years. Hence, as per the above provisions, Your Company has transferred 62500 Equity Shares of the Company to Investor Education and Protection Fund.

39. ACKNOWLEDGEMENTS:

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

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

**By Order of the Board
For STEEL CITY SECURITIES LIMITED**

Place: Visakhapatnam

Date: 29.05.2018

(K. Satyanarayana)

Executive Chairman

(DIN: 00045387)

(Satish Kumar Arya)

Managing Director

(DIN: 00046156)



Annexure I

Form AOC-1

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

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

Part "A": 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	01.04.2017 to 31.03.2018
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. 12,70,98,730.97
6.	Total assets	Rs. 17,56,80,096.69
7.	Total Liabilities	Rs. 3,85,81,365.72
8.	Investments (Non- current)	Rs. 2,53,95,880.00
9.	Turnover	Rs. 2,68,91,858.35
10.	Profit before taxation	Rs. 50,67,304.32
11.	Provision for taxation	Rs. 12,90,471.21
12.	Profit/Loss after taxation	Rs. 37,76, 833.11
13.	Proposed Dividend	Rs. 24,07,160.00
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

Sl. No.	Name of associates/Joint Ventures	Steel City Financial Services Private Limited Associate Company
1.	Latest audited Balance Sheet Date	31.03.2018
2.	Shares of Associate/Joint Ventures held by the company on the year end	9,60,000 Shares
	Amount of Investment in Associates/Joint Venture	Rs. 96,00,000/-
	Extent of Holding%	21.87%
3.	Description of how there is significant influence	Holding 43.74% of equity share stake along with its subsidiary
4.	Reason why the associate/joint venture is not consolidated	NA
5.	Net worth attributable to shareholding as per latest audited Balance Sheet	Total Networth of the Associate Company is Rs.6,23,97,835.23
6.	Profit/Loss for the year	Rs.34,86,490.27
	i. Considered in Consolidation	Rs.34,86,490.27
	ii. Not Considered in Consolidation	NA

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

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
 Partner
 Membership No.206704

K SATYANARAYANA
 EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
 MANAGING DIRECTOR

G S R PRASAD
 DIRECTOR

PLACE: VISAKHAPATNAM
 DATE : 29.05.2018

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

Services

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

Business Network

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



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

1. COMPANY'S, PHILOSOPHY ON CORPORATE GOVERNANCE :

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

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

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 31.03.2018, the strength of the Board of Directors & Key Managerial Personnel is as follows:

Category	Name of Directors & Key Managerial Personnel	DIN/PAN	Designation
Promoter Executive	Sri Kamireddi Satyanarayana	00045387	Executive Chairman
Promoter Executive	Sri Satish Kumar Arya	00046156	Managing Director
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
Promoter Non-Executive	Smt. Guruv Vishnu Vandana	07548398	Director
Non - Executive	Sri. Tentu Venkata Srikanth	07992172	Additional 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:

- Total compliance of procedures relating to the Board Meetings and the meetings of the Committees thereof,
- The meetings are usually held at the Registered Office of the Company, and
- 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 2017-18, 9 (Nine) Board Meetings were held. The meetings of the Board were held during the following dates:

Slno	Meeting No	Date of the Meeting
1	1/2017-18	27.05.2017
2	2/2017-18	30.06.2017
3	3/2017-18	28.09.2017
4	4/2017-18	12.10.2017
5	5/2017-18	11.11.2017
6	6/2017-18	24.11.2017
7	7/2017-18	24.01.2018
8	8/2017-18	27.02.2018
9	9/2017-18	28.03.2018

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 August 19 th 2017
Sri Kamireddi Satyanarayana	Executive Director	09	Yes
Sri Satish Kumar Arya	Executive Director	09	Yes
Sri G.Satya Rama Prasad	Non-Executive Independent	09	Yes
Sri Murali Krishna Cherukuri	Non - Executive Independent	09	Yes
Sri Malla Hara Jagannadha Rao	Non – Executive Independent	09	Yes
Sri Bheri Krishna Rao	Non – Executive Independent	09	Yes
Smt. G. V. Vandana	Non- Executive	09	Yes
Sri. T. V. Srikanth	Non- Executive	03	NA

3. General Body Meetings:

Details of last three Annual General Meetings of the Company are as follows:

Description of Meetings	Date	Venue of AGM	Time	No. of Special Resolutions Passed
21 st	08.08.2015	49-52-5/4, Shanthipuram, Visakhapatnam - 530016	10.45 A.M.	04
22 nd	30.07.2016	49-52-5/4, Shanthipuram, Visakhapatnam - 530016	10.30 A.M.	09
23 rd	19.08.2017	49-52-5/4, Shanthipuram, Visakhapatnam - 530016	10.30 A.M.	0

➤ 3 Special Resolutions were passed through Postal Ballot vide notice dated 24.11.2017. Details of Resolutions are given below:



Details of Agenda	Resolution Passed
According consent for variation in the utilization of proceeds of the funds raised through IPO	Special Resolution
Appointment of Mr. K. Satyanarayana, Executive Director (Surveillance) as Executive Chairman of the Company	Special Resolution
Appointment of Mr. Satish Kumar Arya, Director (Operations) as Managing Director of the Company	Special Resolution

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

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

Sl No	Name of the Pomoter / Relative of Promoter	No. of Shares held	% of Shares held
1.	K. Satyanarayana	15,76,900	10.44
2.	Satish Kumar Arya	8,15,840	5.40
3.	G.V.Vandana	25,75,500	17.05
4.	G.Sirisha	25,93,731	17.17
5.	Steel City Financial Services Pvt. Ltd.	7,98,500	5.29
6.	K.S.V.Ramesh Babu	1,01,300	0.67
7.	K. Mahalakshmi	51,600	0.34
8.	K. Mrudula	10,400	0.07
9.	K.Geeta Vara Lakshmi	15,000	0.10
10.	Nirmala Devi	46,800	0.31
11.	Sachin Arya	800	0.01
12.	Suman Arya	1,600	0.01
13.	Alka Rajput	26,200	0.17
	Total	86,14,171	57.02

5. COMMITTEES OF THE BOARD:

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

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

Name of the committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Audit Committee	<ol style="list-style-type: none"> G.Satya Rama Prasad - Chairman Murali Krishna Cherukuri - Member Krishna Rao Bheri - Member 	<ol style="list-style-type: none"> The recommendation for appointment, remuneration and terms of appointment of Auditors of the Company. Review and monitor the Auditor's independence and performance, and effectiveness of audit process. Examination of the financial statement and the Auditors' Report thereon. Approval or any subsequent modification of transactions of the Company with Related Parties. Scrutiny of Inter-Corporate Loans and Investments.



Name of the committee	Composition of the Committee	Highlights of duties, responsibilities and activities
Nomination and Remuneration Committee	<ol style="list-style-type: none"> 1. Murali Krishna Cherukuri - Chairman 2. G. Satya Rama Prasad - Member 3. Krishna Rao Bheri - Member 	<ol style="list-style-type: none"> 1. 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; 2. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and 3. 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"> 1. Murali Krishna Cherukuri - Chairman 2. Satish Kumar Arya - Member 3. Hara Jagannadha Rao Malla - Member 	<ol style="list-style-type: none"> 1. The Committee reviews and ensures Redressal of Investor Grievances. 2. The Committee noted that all the Grievances of the Investors have been resolved during the year.
Corporate Social Responsibility Committee	<ol style="list-style-type: none"> 1. Kamireddi Satyanarayana - Chairman 2. Satish Kumar Arya - Member 3. G.Satya Rama Prasad - Member 	<ol style="list-style-type: none"> 1. Recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII 2. Recommend the amount of expenditure to be incurred on the activities referred to in the above clause and 3. Monitor the Corporate Social Responsibility Policy of the company from time to time.
Internal Compliants Committee	<ol style="list-style-type: none"> 1. G. V. Vandana - Chairperson 2. Satish Kumar Arya - Member 3. M. Srividya - Member 	<ol style="list-style-type: none"> 1. To act as Inquiry Authority on a complaint of sexual harassment. 2. To ensure that complainant and witnesses are not victimized or discriminated because of their complaint. 3. To ensure that all conflicts of interest are managed appropriately.



6. EMPLOYEES:

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

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

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

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

8. 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

9. CLIENTS:

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

10. OTHER STAKEHOLDERS:

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

11. SOCIETY:

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

12. 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. 15,11,017.00 on CSR activities during the Financial Year 2017-18.

13. 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;
- f) 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, Franchisees, Branches, Employees encourage them to familiarize themselves with SCSL and help the brand name STEEL CITY.

14. GENERAL SHAREHOLDER INFORMATION:

- a) Annual General Meeting:
Date: 1st September, 2018
Time: 11.30 A. M.
Venue: Hotel Diamond's Pearl, D. No: 47-7-16(2), Sankaramatam Road, Visakhapatnam
- b) Financial Year : 2017-18
- c) Dividend Payment date: 30 days from the date of declaration
- d) 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
- e) Stock Code: STEELCITY
- f) Market Price Data: 52 Week High: Rs. 153.55
52 Week Low: Rs. 57.30

15. 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



16. REGISTRAR AND SHARE TRANSFER SYSTEM & AGENTS:

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

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

14. ADDRESS FOR CORRESPONDENCE:

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



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, 2018 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**

Place: Visakhapatnam
Date: 29.05.2018

K. Surendra
Mem No: A34205
CP No: 12732



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 (Accounts) Rules, 2014]

(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) TECHNOLOGY ABSORPTION:

Not Applicable.

(c) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

Particulars	2017-18	2016-17
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	Nil

For **Steel City Securities Limited**

Date : 29.05.2018
Place: Visakhapatnam

Satish Kumar Arya
Managing Director
(DIN : 00046156)



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 01/04/2017 to 31/03/2018. It does not include any information about subsidiary company or any other entity(s). The Company has its own CSR policy.

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

The Company has a Board Committee (CSR committee) that provides oversight of CSR policy execution to ensure that the CSR objectives of the Company are met. The Company has reconstituted the composition of the Committee due to the sudden demise of Mr. G. Sree Rama Murthy, Chairman and Managing Director of the Company and also Chairman of this Committee. The Committee has appointed Mr. Satish Kumar Arya as Member of the Committee. The Re-constituted CSR committee comprises of:

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

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

SNo.	Particulars	Rs.	Rs.
1	Amount to be spent on CSR Activites		15,11,017.00
2	Amount unspent during the F. Y. 2016-17		-
2	Less: Details of CSR spent during the financial year 2017-18.		
	(i) Amount donated to GVMC Sweekaram Educational Society.	(5,00,000.00)	
	(ii) Amount donated to The Akshya Patra Foundation	(2,00,000.00)	
	(iii) Amount donated to Lebenshilfe	(2,00,000.00)	
	(iv) Amount Transferred to Prime Minister National Relief Fund	(6,11,017.00)	(15,11,017.00)
	Balance Unspent amount as on 31.03.2018		NIL

Place: Visakhapatnam

For **Steel City Securities Limited**

Date: 29.05.2018

Satish Kumar Arya
Managing Director
(DIN: 00046156)



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				

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

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2018

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



ANNEXURE -6

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

Employed throughout the Financial Year 2017-18

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

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

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2017-18, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18, 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 2017-18 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2017-18	Ratio of Remuneration of each Director/ KMP to median Employees
1.	K. Satyanarayana, Executive Chairman	31.00	3.33	14.33
2.	Satish Kumar Arya, Managing Director	26.00	8.33	12.02
3.	N. Ramu, Chief Financial Officer	10.33	0.29	4.77
4.	M. Srividya, Company Secretary	5.32	28.81	2.46

- ii. The Median remuneration of Employees of the Company during the Financial Year was Rs. 2,14,111/-.
- iii. In the financial year, there was an increase of 2,864/- p.a.in the median remuneration of employees.
- iv. There were 345 permanent employees on the rolls and 63 probationers working with the Company as on 31st March, 2018.
- v. Relationship between average increase in remuneration and Company performance:
 The PBT increased by 127.22% and PAT increased by 138.08%, whereas the increase in median remuneration was 1.36 %. 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 2.73%. 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:

Sno.	Particulars	K Satyanarayana	Satish Kumar Arya	N. Ramu	M. Srividya
A	Remuneration in the FY 2017-18	31,00,000.00	26,00,000.00	10,32,500.00	5,32,180.00
B	Revenue	63,61,66,898.74	63,61,66,898.74	63,61,66,898.74	63,61,66,898.74
C	Remuneration as % of revenue (a/b)	0.49	0.41	0.16	0.08
D	Profit Before Tax(PBT)	15,71,83,987.62	15,71,83,987.62	15,71,83,987.62	15,71,83,987.62
E	Remuneration as % of PBT (a/d)	1.97	1.65	0.66	0.34

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

Particulars	March 31, 2018	March 31, 2017	% Change
Market Capitalisation	134,15,10,036	99,93,34,334	34.24
Price Earnings Ratio	12.11	18.22	33.53

viii. Average percentile increase made in the salaries of employees other than the managerial Personnel in the financial year 2017-18 was 2.73% , whereas there is an decrease in the managerial remuneration for the same financial year was 4.20%. 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 2018

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

I REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to Total Turnover of the Company
1.	Shares & Stock Broking	4907	46.09
2.	E-Governance	4907	50.81
3.	Other Income	4907	3.10

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No.	Name of the Company	CIN/GLN	Holding/ Subsidiary / Associate
1.	Steel City Commodities Private Limited	U51399AP2002PTC039727	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. Promoter & Promoter Group									
(1) Indian									
a) Individual/ HUF	77,59,471	-	77,59,471	51.36	77,89,471	-	77,89,471	51.56	0.20
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	7,98,500	-	7,98,500	5.29	7,98,500	-	7,98,500	5.29	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Total shareholding of Promoter & Promoter Group (A)	85,57,971	-	85,57,971	56.65	85,87,971	-	85,87,971	56.85	0.20
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	56,000	-	56,000	0.37	22,000	-	22,000	0.15	(0.22)
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	56,000	-	56,000	0.37	22,000	-	22,000	0.15	(0.22)
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	16,39,401	-	16,39,401	10.85	12,47,006	-	12,47,006	8.25	(2.60)
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	21,97,132	3,53,300	25,50,432	16.88	27,97,278	2,20,600	30,17,878	19.97	3.09
ii) Individual shareholders holding nominal share capital in excess of Rs 2 Lakh	23,03,291	-	23,03,291	15.25	20,33,840	-	20,33,840	13.46	(1.79)
c) Others (specify)		-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	94,400	-	94,400	0.62	0.62
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	1,04,000	-	1,04,000	0.68	0.68
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
Sub-total (B)(2):-	61,39,824	3,53,300	64,93,124	42.98	62,76,524	2,20,600	64,97,124	43.01	0.03
Total Public Shareholding (B)=(B)(1)+ (B)(2)	61,95,824	3,53,300	65,49,124	43.35	62,76,524	2,20,600	65,19,124	43.15	(0.20)
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	1,47,53,795	3,53,300	1,51,07,095	100%	1,48,86,495	2,20,600	1,51,07,095	100%	-

(ii) Shareholding of Promoter:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total Shares	
1	K. Satyanarayana	15,76,900	10.44	0	15,76,900	10.44	0	-
2	Satish Kumar Arya	7,95,840	5.27	0	8,15,840	5.40	0	0.13
3	G. V. Vandana	1,66,500	1.10	0	25,75,500	17.05	0	15.95
4	G Sirisha	1,28,900	0.85	0	25,93,731	17.17	0	16.32
	Total	26,68,140	17.66	0	75,61,971	50.05	0	32.39



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

S.No.	Particulars	Share holding at the beginning of the year		Share holding at the End of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Satish Kumar Arya	7,95,840	5.27	8,15,840	5.40
2	G. V. Vandana	1,66,500	1.10	25,75,500	17.05
3	G. Sirisha	1,28,900	0.85	25,93,731	17.17

(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	7,98,500	5.29	7,98,500	5.29
2	Adesh Ventures LLP	0	0	5,48,000	3.63
3	T. Appa Rao	8,000	0.05	2,74,000	1.81
4	Guduru Raja Gopal Reddy	2,25,000	1.49	2,25,000	1.49
5	Manoj Kumar Goel	2,00,000	1.32	2,00,000	1.32
6	Steel City Securities Limited	4,70,522	3.11	1,86,606	1.23
7	Keynote Capitals Ltd	2,00,000	1.32	1,58,000	1.05
8	M. Shikar	1,24,000	0.82	1,32,000	0.87
9	Jaisukh Vinimoy Pvt Ltd	1,54,000	1.02	1,24,000	0.82
10	Gaurav Jadodia	18,000	0.12	1,10,000	0.73

(v) Shareholding of Directors and Key Managerial Personnel:

S.No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Shareholding at the End of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	K. Satyanarayana	15,76,900	10.44	15,76,900	10.44
2.	Satish Kumar Arya	7,95,840	5.27	8,15,840	5.40
3	G. Satya Rama Prasad	10,400	0.07	400	0.01
4.	M. H. Jagannadha Rao	12,400	0.08	10,400	0.07
5.	B. Krishna Rao	39,728	0.26	39,728	0.26
6.	G. V. Vandana	1,66,500	1.10	25,75,500	17.05
7.	N. Ramu	47,728	0.32	47,728	0.32



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	4,08,423.00	-	-	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
	Change in Indebtedness during the financial year				
	* Addition	-	-	-	-
	* Reduction	96,248.00	-	-	96,248.00
	Net Change	96,248.00	-	-	96,248.00
	Indebtedness at the end of the financial year				
i)	Principal Amount	3,12,175.00	-	-	3,12,175.00
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	-	-	-
	Total (i+ii+iii)	3,12,175.00	-	-	3,12,175.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

S.No.	Particulars of Remuneration	K. Satyanarayana (Executive Chairman)	Satish Kumar Arya (Managing Director)	Total Amount
1	Gross salary	31,00,000	26,00,000	57,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	31,00,000	26,00,000	57,00,000
	Ceiling as per the Act	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	T.V. Srikanth	Total Amount Rs.
1	Independent Directors							
	Fee for attending board/committee meetings	30,000	30,000	30,000	30,000	-	-	1,20,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (1)	30,000	30,000	30,000	30,000	-	-	1,20,000
2	Other Non-Executive Directors							
	Fee for attending board/committee meetings	-	-	-	-	30,000	10,000	40,000
	Commission	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	30,000	10,000	40,000
	Total (B)=(1+2)	30,000	30,000	30,000	30,000	30,000	10,000	1,60,000
	Total Managerial Remuneration	30,000	30,000	30,000	30,000	30,000	10,000	1,60,000
	Overall Ceiling as per the Act	-N.A.-	-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	10,32,500	5,32,180	15,64,680
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	others, specify...	-	-	-
5	Others, please specify	-	-	-
	Total	10,32,500	5,32,180	15,64,680



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, 2018

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

To,

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

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

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its Officers, Agents and Authorized Representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2018, complied with the Statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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, 2018 according to the provisions of:
 - (i) The Companies Act, 2013 (the Act) and the Rules made there under;
 - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made 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; *The Company could not sent intimation to Stock Exchange for one Board Meetings. Except this all the regulations were complied with.*
 - 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
 - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - *Not applicable* and
 - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - *Not applicable as the Company did not buy back its equity shares during the financial year under review;*
2. We are of the opinion that the Management has complied with the following Laws specifically applicable to the Company:
- (a) The Payment of Wages Act, 1936
 - (b) The Minimum Wages Act, 1948
 - (c) Employees Provident Funds and Miscellaneous Provisions Act, 1952
 - (d) The Payment of Bonus Act, 1965
 - (e) The Payment of Gratuity Act, 1972
 - (f) The Contract Labour (Regulation & Abolition) Act, 1970
 - (g) The Child Labour (Prohibition & Regulation) Act, 1986
 - (h) The Industrial Employment (Standing Order) Act, 1946
 - (i) The Employee Compensation Act, 1923
 - (j) Information Technology Act, 2000 and the Rules made there under
- We have also examined compliance with the applicable Clauses of the following: Secretarial Standards issued by The Institute of Company Secretaries of India.
3. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:
- Few Forms were filed with additional fees, this should be reported as deemed compliance by reference of payment of additional fees.
- We further report that:
- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.



- b) Adequate notices given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least Seven Days in advance, and a system exists for seeking and obtaining further information and clarifications on the Agenda Items before the meeting and for meaningful participation at the meeting.
- c) As per the Minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded
- d) We report that there is scope to improve the systems and processes in the Company to be commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- e) We further report 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

K Surendra

Partner

ACS No.: 34205

C P No.: 12702

Place: Visakhapatnam

Date: 29.05.2018

*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

K Surendra

Partner

ACS No.: 34205

C P No.: 12702

Place: Visakhapatnam

Date: 29.05.2018



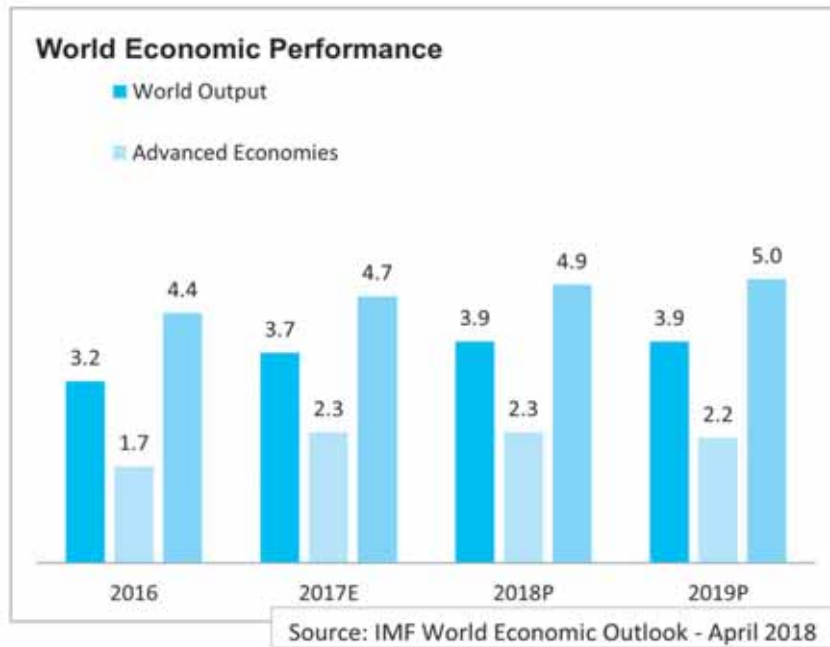
Annexure - 9

MANAGEMENT DISCUSSION AND ANALYSIS

Economic Overview

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF) and it is expected to be one of the top three economic powers of the world over the next 10-15 years, backed by its strong democracy and partnerships. India's GDP is estimated to have increased 6.6 per cent in 2017-18 and is expected to grow 7.3 per cent in 2018-19.

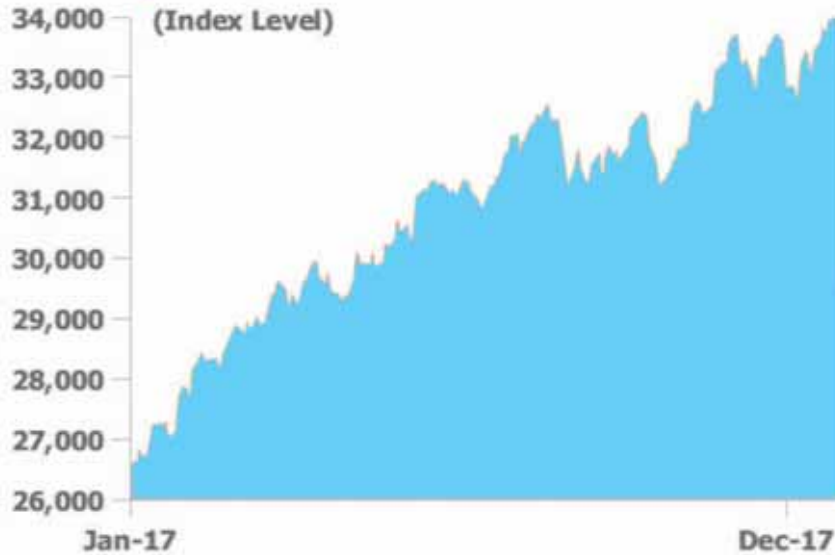
The year 2017 was marked by a number of key structural initiatives to build strength across macro-economic parameters for sustainable growth in the future. The growth in the first half of the year suffered despite global tailwinds. However, the weakness seen at the beginning of 2017 seems to have bottomed out as 2018 set in. While the first quarter of the year saw the impact of demonetization settling down, in the next quarter, introduction of the landmark Goods and Services Tax (GST) brought in some uncertainties as businesses adjusted to the new regime. This did not take long, and from the third quarter onwards, signs of growth returning were evident. Currently, the economy seems to be on the path to recovery, with indicators of industrial production, stock market index, auto sales and exports having shown some uptick. We believe that India's economic outlook remains promising for FY17-18 and is expected to strengthen further in FY18-19.



As global economic activity continues to strengthen, global growth is forecast to grow by 3.9% during 2018 as per the International Monetary Fund's (IMF) January 2018 World Economic Outlook. The IMF expects India to grow at 7.4% during 2018 which could increase further to 7.8% during 2019 in contrast to 6.7% during 2017.



Sensex performance for CY17

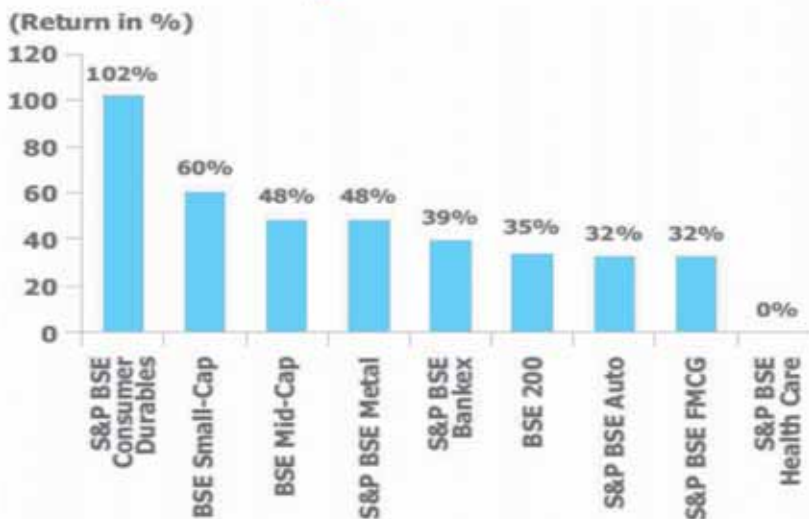


Source: Bloomberg as on 31st December 2017.

Capital Market Review

2017 will be remembered for its strong comeback (Sensex up 27% v/s almost flat in 2016) 2 major reforms, disrupted the Indian economy - Demonetization (which was enacted at end of CY'16) and implementation of GST. However the Indian economy remained resilient and showed positive growth in many parameters. Global growth is showing signs of inching up, and should aid the growth in the Indian economy. Equity remained the best performing asset class in 2017

Performance of key sectoral indices in CY17



Source: Bloomberg as on 31st December 2017.



2018 Outlook

Corporate earnings recovery visibility has improved for 2018 with the building blocks for domestic economic recovery seem to be falling in place - led by both structural and cyclical factors. Global economic recovery is expected to continue and could revive India exports. In terms of chronology, key events to watch out for 2018 would be India Annual budget, rate hikes by global central banks, monsoon trends, followed by news flow on run up to state and general elections.

Key risks for 2018 include

- Upcoming election outcomes
- Higher crude oil prices (than expected)

STRENGTHS

The following are the Strengths that Your Company Possess:

- **Human resources**

Since foundation of this organization, whoever has taken part to develop this organization is very dynamic in their professional outlook. Our Board has mentored and developed the skill-set of each employee to suit our business environment. Each employee of this organization is very dedicated and trustworthy to deliver qualitative work output in any functional operations. Our Board of Directors is very strong in maintaining the equilibrium at market competition in all aspects. Our organization has always retained the employee's morale and never encouraged lay-offs or shutting the business establishments at any market conditions in the past and even in future.

- **Physical resources**

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

- **Financial Resources**

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

- **Activities and processes**

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

- **Past experience**

Since December 1995 to till date, our organization has crossed many mile stones with high success rate. Comparing with earlier days the broking industry has seen phenomenal changes in



its behavior, procedures and communication. The refining process of legacy systems and procedures into present market practices is really great effort and intelligence being sacrificed by our Board of Directors. From past to present times, our organization is a leading broking firm in southern parts of India. This is our market good-will and stands for ever.

Opportunities

Broaden and deepen geographical presence

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

Extension of service offerings

- Focus on augmenting product line under the e-governance segment with emphasis on NPS promotion. Leveraging its TIN centers for distribution of third party products ie. Loans, mutual funds, insurance schemes and IPO's.
- Offering management services and margin funding
- Integration of TIN centers for rendering financial services while leveraging e-governance database to tap new customer base

Threats

Swiftness in government policies

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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



CEO AND CFO CERTIFICATION

To

The Board of Directors
Steel City Securities Limited
Visakhapatnam

Dear Members of the Board,

We have reviewed the Financial Statements and the cash flow statement of Steel City Securities Limited for the year ended 31st March, 2018 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

Satish Kumar Arya
Managing Director

N. Ramu
Chief Financial Officer

Place: Visakhapatnam
Date : 29.05.2018

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

To the Members of Steel City Securities Limited

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

Place: Visakhapatnam
Date: 29.05.2018

For Steel City Securities Limited

Satish Kumar Arya
Managing Director
(DIN: 00046156)



INDEPENDENT AUDITOR'S REPORT

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

Report on the Standalone Financial Statements

We have audited the accompanying Standalone financial statements of **STEEL CITY SECURITIES LIMITED ("the Company")** which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 judgement, 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, 2018, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
 - d. In our opinion, the aforesaid Standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, as applicable.
 - e. On the basis of written representations received from the directors as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - 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

For SARC & ASSOCIATES
Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA
(Partner)
Membership No. :206704

Place: VISAKHAPATNAM

Date: 29.05.2018



"ANNEXURE A" TO THE INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2018:

- 1)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed assets have been physically verified by the management during the year and no material discrepancies between the books of account and the physical fixed assets have been noticed.
 - (c) The 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, GST, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanation given to us, there are no dues of Income Tax, Service Tax, GST, Duty of Customs, Duty of Excise, value added tax outstanding except the following stated in table below, due on amount of disputes pending, where description is given :



Name of the statute	Nature of dues	Amount in Rs.	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax and interest	5,52,60,666	FY 2012-2013 to FY 2014-2015	Commissioner of Central Excise & Service tax (Visakhapatnam)
Income tax Act, 1961	Demand under section 156 w.r.t 143(3) of the Income Tax Act, 1961	1,18,150	Assessment Year 2015-2016	CIT (Appeals), 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 SARC & ASSOCIATES

Chartered Accountants

FRN:006085N

CHANDRA SEKHAR AKULA

(Partner)

Membership No. :206704

Place: VISAKHAPATNAM

Date: 29.05.2018



“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, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For SARC & ASSOCIATES

Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA

(Partner)
Membership No. :206704

Place: VISAKHAPATNAM

Date: 29.05.2018



STANDALONE BALANCE SHEET AS AT 31st MARCH 2018

	Note No	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
a) Share Capital	3	15,10,70,950.00	15,10,70,950.00
b) Reserves and Surplus	4	53,33,34,555.19	46,76,63,960.03
2. Non- Current Liabilities			
a) Long-term borrowings	5	3,12,175.00	4,08,423.00
b) Deferred tax liabilities (net)	6	-	-
3. Current Liabilities			
a) Short-term borrowings	7	-	-
b) Trade Payables	8	26,12,71,501.90	23,67,30,674.58
c) Other Current Liabilities	9	24,40,11,462.50	10,10,01,254.68
d) Short-term Provisions	10	5,26,53,368.50	4,45,94,383.00
	Total	1,24,26,54,013.09	1,00,14,69,645.29
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
i) Tangible Assets	11	4,16,50,192.94	3,86,92,783.47
ii) Intangible Assets	12	33,42,108.06	18,09,629.21
(b) Non Current Investments	13	4,55,24,030.31	4,55,24,338.00
(c) Deferred tax Asset (net)	14	17,09,404.82	18,70,418.98
(d) Long term Loans and Advances	15	10,20,75,445.00	4,13,24,536.00
(e) Other Non-current Assets	16	7,69,24,617.75	6,13,49,505.76
2. Current Assets			
(a) Trade Receivables	17	52,00,69,833.62	52,63,17,147.30
(b) Cash and Cash Equivalents	18	42,47,99,011.36	26,96,71,173.36
(c) Short-term loans and advances	19	1,45,80,364.40	1,02,30,444.91
(d) Other Current Assets	20	1,19,79,004.83	46,79,668.30
	Total	1,24,26,54,013.09	1,00,14,69,645.29
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

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

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
 Partner
 Membership No.206704

K SATYANARAYANA
 EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
 MANAGING DIRECTOR

G S R PRASAD
 DIRECTOR

PLACE: VISAKHAPATNAM
 DATE : 29.05.2018

N RAMU
 CHIEF FINANCIAL OFFICER

M SRIVIDYA
 COMPANY SECRETARY



**STANDALONE STATEMENT OF PROFIT AND LOSS FOR
THE PERIOD ENDED 31st MARCH 2018**

	Note No	Year Ended 31-Mar-18 Rs.	Year Ended 31-Mar-17 Rs.
I. Revenue from Operations	21	61,64,55,005.56	34,13,76,972.10
II. Other Income	22	1,97,11,893.18	1,30,92,544.87
III. Total Revenue (I+II)		63,61,66,898.74	35,44,69,516.97
IV. Expenses			
Expenditure on Trading Operations	23	1,15,93,789.98	1,16,67,996.30
Employee benefits expense	24	8,88,84,114.60	8,14,59,109.50
Finance Costs	25	36,14,830.47	67,24,784.97
Depreciation and amortisation expense	11 & 12	86,27,809.94	60,48,655.89
Other expenses	26	36,62,62,366.13	17,93,91,804.53
Total Expenses		47,89,82,911.12	28,52,92,351.19
V. Profit before tax (III-IV)		15,71,83,987.62	6,91,77,165.78
VI. Tax Expense			
1) Current Tax		4,39,53,550.00	2,50,67,800.00
2) Tax relating to prior years		22,83,028.80	1,26,241.64
3) Deferred tax		1,61,014.16	(25,49,898.95)
Total Tax Expenses		4,63,97,592.96	2,26,44,142.69
VII. Profit for the year (V-VI)		11,07,86,394.66	4,65,33,023.09
VIII. Earnings per share (of Rs.10/- each)	27		
a) Basic		7.33	3.63
b) Diluted		7.33	3.63
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

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

For **STEEL CITY SECURITIES LIMITED**

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2018

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



STANDALONE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH 2018

	Year Ended 31-Mar-18 Rs.	Year Ended 31-Mar-17 Rs.
A. Cash flow from Operating Activities		
Net Profit Before Tax	15,71,83,987.62	6,91,77,165.78
Adjustment for:		
Depreciation and amortization expense	86,27,809.94	60,48,655.89
Finance Costs	36,14,830.47	67,24,784.97
Interest Income	(1,63,85,095.16)	(1,13,19,264.32)
Dividend Income	(17,34,516.00)	(15,56,126.00)
Loss/(profit) on Sale of Fixed assets (net)	-	-
Operating Profit before Working Capital Changes	15,13,07,016.87	6,90,75,216.32
Trade Receivables	62,47,313.68	(8,46,04,335.69)
Other Receivables	(1,16,49,256.02)	(79,78,334.91)
Other Assets	(7,63,26,020.99)	(2,33,78,795.62)
Trade Payables	2,45,40,827.32	6,92,12,053.16
Other Payables & Provisions	14,88,00,679.02	9,22,05,484.36
Change in Working Capital	9,16,13,543.01	4,54,56,071.30
Cash generated from Operations	24,29,20,559.88	11,45,31,287.62
Income tax paid	(4,39,68,064.50)	(2,64,77,850.44)
Net Cash generated from Operating Activities	19,89,52,495.38	8,80,53,437.18
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,31,17,698.26)	(1,50,11,127.00)
Proceeds from Sale of Fixed Assets	-	-
Proceeds from Issue of Additional Capital	-	12,11,47,810.07
Proceeds from Sale/(purchase) of Investments	307.69	(1,70,10,000.00)
Income from Investments	17,34,516.00	15,56,126.00
Interest Received	1,63,85,095.16	1,13,19,264.32
Net cash used in investing activities	50,02,220.59	10,20,02,073.39
C. Cash flow from Financing Activities		
Interest paid	(36,14,830.47)	(67,24,784.97)
Proceeds from borrowings	-	(4,66,41,162.45)
Repayment of borrowings	(96,248.00)	(9,91,742.00)
Dividend paid including tax on dividend	(4,51,15,799.50)	(3,60,54,147.00)
Net cash used in Financing activities	(4,88,26,877.97)	(9,04,11,836.42)
D. Net Increase / (Decrease) in Cash & Cash Equivalents	15,51,27,838.00	9,96,43,674.15
E. Cash & Cash Equivalents (Opening)		
as on 1st April 2017 / 1st April 2016	26,96,71,173.36	17,00,27,499.21
F. Cash & Cash Equivalents (Closing)	42,47,99,011.36	26,96,71,173.36
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash in hand	11,18,300.18	11,65,153.28
Cheques, draft on hand	62,45,019.09	53,72,431.11
Balances with Schedule banks		
in current accounts	18,15,77,678.29	4,10,08,865.17
in deposit accounts	23,44,37,738.80	22,08,28,593.80
in unclaimed dividend accounts	14,20,275.00	12,96,130.00

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

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
 Partner
 Membership No.206704

K SATYANARAYANA
 EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
 MANAGING DIRECTOR

G S R PRASAD
 DIRECTOR

PLACE: VISAKHAPATNAM
 DATE : 29.05.2018

N RAMU
 CHIEF FINANCIAL OFFICER

M SRIVIDYA
 COMPANY SECRETARY



Note No.1 : Company Over View

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

Note No.2 : Significant Accounting Policies

a Basis of Preparation of Financial Statements

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

b Use of Estimates

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

c Revenue Recognition

i. Operating Income

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

ii. Interest Income

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

iii. Dividend Income

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

d Expenses

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

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

e Fixed Assets (Tangible / Intangible)

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

f Depreciation / Amortisation

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

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



g Cash and Cash Equivalents

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

h Taxes on Income

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

i Investments

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

j Retirement Benefits

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

k Borrowing Cost

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

l Provisions and Contingencies

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

m Earnings per Share

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

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



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.3		
Share Capital		
Authorised		
2,50,00,000 (P.Y 2,50,00,000) Equity Shares of Rupees 10/- each	25,00,00,000.00	25,00,00,000.00
Total	25,00,00,000.00	25,00,00,000.00
Issued subscribed and paid up capital		
1,51,07,095(P.Y 1,51,07,095) Equity Shares of Rupees 10/- each, fully paid-up	15,10,70,950.00	15,10,70,950.00
	15,10,70,950.00	15,10,70,950.00

Notes:

(i) Reconciliation of number of Shares

Particulars	As at March, 2018		As at March, 2017	
	No of Shares	Amount (Rs.)	No of Shares	Amount Rs.
Equity shares				
Opening Balance	1,51,07,095	15,10,70,950.00	1,23,80,912	12,38,09,120.00
Issued during the year	0	-	27,26,183	2,72,61,830.00
Closing Balance	1,51,07,095	15,10,70,950.00	1,51,07,095	15,10,70,950.00

(ii) Rights attached to equity shares:

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

During the year, the per share interim dividend paid to equity shareholders was Rs. 2/- (previous year Rs.1.00) and final Dividend recommended for distribution to equity shareholders is Rs.0.50 (previous year Rs.1/-)

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, 2018		As at March, 2017	
	No of Shares held	% of Holding	No of Shares held	% of Holding
K Satyanarayana	15,76,900	10.44	15,76,900	10.44
Satish Kumar Arya	8,15,840	5.40	7,95,840	5.27
G Sirisha	25,93,731	17.17	1,28,900	0.85
G Vishnu Vandana	25,75,500	17.05	1,66,500	1.10
Steel City Financial Services Pvt.Ltd	7,98,500	5.29	7,98,500	5.29
G Sree Rama Murthy	0	-	46,29,831	30.65

(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-18 Rs.	As at 31-Mar-17 Rs.
Note No.4		
Reserves and Surplus		
Securities Premium Reserve		
Opening Balance	10,44,47,825.07	1,05,61,845.00
Add: Received during the period	-	12,26,78,235.00
(Less) : SME IPO Expenses	-	(2,87,92,254.93)
Closing Balance	10,44,47,825.07	10,44,47,825.07
General Reserve		
Opening Balance	7,19,22,744.22	6,72,69,441.91
Add: Transfer from Surplus	1,10,78,639.47	46,53,302.31
Closing Balance	8,30,01,383.69	7,19,22,744.22
Surplus in statement of Profit and Loss		
Opening Balance	29,12,93,390.74	28,54,67,816.96
Add: Net Profit/(Loss) for the current period	11,07,86,394.66	4,65,33,023.09
Amount available for appropriation	40,20,79,785.40	33,20,00,840.05
Appropriations:		
Transfer to General Reserve	(1,10,78,639.47)	(46,53,302.31)
Interim Dividend	(3,02,14,190.00)	(1,51,07,095.00)
Interim Dividend Tax	(61,50,900.00)	(27,64,507.00)
Provision for Final Dividend	(75,53,547.50)	(1,51,07,095.00)
Provision for Final Dividend Tax	(11,97,162.00)	(30,75,450.00)
Closing Balance	34,58,85,346.44	29,12,93,390.74
Total	53,33,34,555.19	46,76,63,960.03

The Board of Directors at their meeting held on May 29, 2018 recommended a final dividend of Rs.0.50 per equity share

Note No.5		
Long-term borrowings		
Secured		
Vehicle Loans from Banks & Others	3,12,175.00	4,08,423.00
	3,12,175.00	4,08,423.00

Vehicle Loan Received from HDFC Bank & Others, which is payable in monthly installments i.e.Rs. 12,487/-

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

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

- Working Capital facilities from The Karnataka Bank Ltd is secured by hypothecation of Trade Receivables (50% paripasu) , Collateral Security of specific Immovable Property belongs to the Company, personal guarantee of Directors and Properties belonging to Directors/ others aggregated of Rs.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-18 Rs.	As at 31-Mar-17 Rs.
Note No.8		
Trade payables		
Trade Payables	5,52,14,893.58	5,52,64,969.58
Margin money from Trade Clients	20,60,56,608.32	18,14,65,705.00
	26,12,71,501.90	23,67,30,674.58

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

Note No.9		
Other Current Liabilities		
Liability for expenses, sub-brokers/franchises	6,48,56,988.85	3,87,41,066.34
Margin money from E-Governance Centres	5,81,85,194.38	2,44,97,771.03
Liability against E-Governance Processings	11,11,87,196.20	2,81,04,480.00
Unpaid dividends	14,20,275.00	12,96,130.00
V Sat Deposits	83,61,808.07	83,61,807.31
	24,40,11,462.50	10,10,01,254.68

- 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, 2018 an amount of Rs.3,61,350/- has been transferred to Investor Education and Protection Fund

Note No.10		
Short term provisions		
Provision for Employee benefits		
- provision for gratuity	(50,891.00)	13,44,038.00
Provision for Taxation	4,39,53,550.00	2,50,67,800.00
Provision for Dividend	75,53,547.50	1,51,07,095.00
Provision for Dividend Tax	11,97,162.00	30,75,450.00
	5,26,53,368.50	4,45,94,383.00

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 01.04.2017	Additions as on 31.03.2018	Deletions as on 31.03.2018	As at 31.03.2018	Up to 31.03.2017	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
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	12,75,219.04	60 Yrs	98,198.81	-	13,73,417.85	48,28,612.15	49,26,810.96
Buildings WIP	6,15,752.00	-	-	6,15,752.00	-	-	-	-	-	6,15,752.00	6,15,752.00
Furniture & Fixtures	49,79,811.44	7,29,214.70	7,91,572.00	49,17,454.14	27,06,088.48	10 yrs	4,92,738.49	7,91,572.00	24,07,254.97	25,10,199.17	22,73,722.96
Electrical Equipments	2,53,60,426.20	18,19,873.98	20,67,139.90	2,51,13,160.28	1,40,88,260.69	10 yrs	23,94,945.07	20,67,139.90	1,44,16,065.86	1,06,97,094.42	1,12,72,165.51
Computers	98,97,711.00	68,93,932.98	16,37,987.00	1,51,53,656.98	3,87,263.18	3-6 Yrs	32,99,628.07	16,37,987.00	20,48,904.25	1,31,04,752.73	95,10,447.82
Vehicles	63,72,828.01	5,33,815.00	67,777.00	68,38,866.01	27,40,632.40	8 Yrs	7,63,781.06	67,777.00	34,36,636.46	34,02,229.55	36,32,195.61
Cycles	10,090.00	4,550.00	-	14,640.00	7,797.56	10 Yrs	1,319.75	-	9,117.31	5,522.69	2,292.44
Other Assets	2,65,305.00	85,639.00	-	3,50,944.00	72,578.83	5 Yrs	59,004.94	-	1,31,583.77	2,19,360.23	1,92,726.17
Total	5,99,70,623.65	1,00,67,025.66	45,64,475.90	6,54,73,173.41	2,12,77,840.18		71,09,616.19	45,64,475.90	2,38,22,980.47	4,16,50,192.94	3,86,92,783.47

Note No. 12 : Intangible Assets

Description	Gross Block at Cost			Depreciation					Net Block		
	As at 01.04.2017	Additions as on 31.03.2018	Deletions as on 31.03.2018	As at 31.03.2018	Up to 31.03.2017	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
Software	28,85,112.00	30,50,672.60	2,72,706.00	56,63,078.60	10,75,482.79	3 Yrs	15,18,193.75	2,72,706.00	23,20,970.54	33,42,108.06	18,09,629.21
Total	28,85,112.00	30,50,672.60	2,72,706.00	56,63,078.60	10,75,482.79		15,18,193.75	2,72,706.00	23,20,970.54	33,42,108.06	18,09,629.21



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.13		
Non Current Investments		
Other investments (quoted) - Trade		
Investment in Equity Instruments		
197 (P.Y 2,197) equity shares of Rs.2/- (PY Rs.1/-)each of BSE Ltd at cost	30.31	338.00
Other investments (unquoted) -Trade		
Investment in Equity Instruments		
Subsidiary:		
8,36,500 (P.Y 8,36,500) equity shares of Rs.10/- each of Steel City Commodities Pvt Ltd at cost	3,25,99,000.00	3,25,99,000.00
Associate:		
960000 (PY 960000) equity shares of Rs.10/- each of Steel City Financial Services Pvt Ltd at cost	1,29,00,000.00	1,29,00,000.00
Other investments (unquoted) - Non-Trade		
2,500 (P.Y 2500) equity shares of Rs.10/- each of Steel City Infotech Pvt Ltd	25,000.00	25,000.00
	4,55,24,030.31	4,55,24,338.00
Book Value of Quoted Investments	30.31	338.00
Market Value of Quoted Investments	1,48,971.40	21,80,159.50
Book Value of Unquoted Investments	4,55,24,000.00	4,55,24,000.00
Note No.14		
Deferred tax Asset (net)		
Tax effect of items constituting deferred tax liability		
- Depreciation on fixed assets	24,67,113.21	12,70,885.97
Tax effect of items constituting deferred tax liability (A)	24,67,113.21	12,70,885.97
Tax effect of items constituting deferred tax Asset		
- Provision for Doubtful Debts	41,76,518.03	31,41,304.95
Tax effect of items constituting deferred tax Asset (B)	41,76,518.03	31,41,304.95
Deferred Tax Asset (net) (B-A)	17,09,404.82	18,70,418.98
Note No.15		
Long term Loans and Advances		
Unsecured, considered good		
Interest free Security Deposits with Exchanges	8,95,35,000.00	2,98,85,000.00
V Sat Deposits with Exchanges	50,000.00	50,000.00
Telephone Deposits	7,35,241.00	7,35,241.00
Rental Deposits	61,82,246.00	55,10,732.00
Electricity Deposits	7,98,171.00	7,38,776.00
Other Deposits	47,74,787.00	44,04,787.00
	10,20,75,445.00	4,13,24,536.00



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.16		
Other Non-current Assets		
Advance Income Tax	7,52,43,405.70	5,99,09,978.80
Prepaid expenses	16,81,212.05	14,39,526.96
	7,69,24,617.75	6,13,49,505.76
Note No.17		
Trade Receivables		
outstanding for a period exceeding Six months		
Unsecured, considered good	9,10,50,870.32	10,14,15,444.14
Unsecured, considered doubtful	1,53,90,472.13	1,18,00,967.69
	10,64,41,342.45	11,32,16,411.83
Less: Provision for doubtful Debts	1,53,90,472.13	1,18,00,967.69
	9,10,50,870.32	10,14,15,444.14
outstanding for a period between three to Six months		
Unsecured, considered good	12,88,466.72	17,27,678.58
Other Debts - Less than Three Months		
Secured, considered good	42,77,30,496.58	42,31,74,024.58
	52,00,69,833.62	52,63,17,147.30
Note No.18		
Cash and Cash Equivalents		
Cash on hand	11,18,300.18	11,65,153.28
Cheques, drafts on hand and transit	62,45,019.09	53,72,431.11
Balances with Banks		
- in current accounts	18,15,77,678.29	4,10,08,865.17
- Unclaimed dividend account	14,20,275.00	12,96,130.00
- in deposit accounts (Earmarked)	-	-
Against Bank Guarantees & other commitments	18,04,37,738.80	13,98,28,593.80
- Deposit original maturity less than 12 months	5,40,00,000.00	5,40,00,000.00
- Deposit original maturity more than 12 months	-	2,70,00,000.00
	42,47,99,011.36	26,96,71,173.36

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



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.19		
Short-term loans and advances		
Unsecured, considered good		
Advance to suppliers	3,97,144.00	1,26,691.00
Other loans and advances		
Advance to employees	17,05,680.14	12,09,191.34
Receivable from E-Governance Centres	82,72,790.85	88,28,375.57
Receivable from Sub-brokers	5,35,780.41	-
Others	36,68,969.00	66,187.00
	1,45,80,364.40	1,02,30,444.91

Note No.20		
Other Current Assets		
Interest accrued on Fixed Deposits	42,34,560.60	31,24,312.44
Other Receivables	77,44,444.23	15,55,355.86
	1,19,79,004.83	46,79,668.30

Note No.21		
Revenue from Operations		
Income from Broking Operations	28,68,79,364.90	26,86,55,615.24
Income from DP Operations	63,26,229.95	1,06,03,519.21
Income from E-Governance Operations	32,32,43,235.73	6,21,17,837.65
Interest from Margin Trading Operations	6,174.98	-
	61,64,55,005.56	34,13,76,972.10

Note No.22		
Other Income		
Interest from Fixed Deposits & Others	1,63,85,095.16	1,13,19,264.32
Profit(loss) on sale of Investments	15,91,419.07	-
Bad Debts Recoveries	862.95	2,17,154.55
Dividend Income	17,34,516.00	15,56,126.00
	1,97,11,893.18	1,30,92,544.87

Dividend amount of Rs.61,516/- (PY Rs.28,726/-) received from BSE Ltd & from Steel City Commodities Pvt Ltd is Rs.16,73,000/- (PY.Rs. 15,27,400/-)

Note No.23		
Expenditure on Trading Operations		
Transaction Charges	39,53,990.25	22,76,097.80
Trading Expenses	(71,070.32)	1,90,395.94
Annual Subscription to NSE	1,00,500.00	-
Insurance	4,18,715.84	4,29,728.00
V Sat Charges and Maintenance	51,12,780.53	64,25,217.56
Batteries, UPS Maintenance	20,78,873.68	23,46,557.00
	1,15,93,789.98	1,16,67,996.30

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-18 Rs.	As at 31-Mar-17 Rs.
Note No.24		
Employee benefits expense		
Salaries, wages and bonus	8,14,44,497.00	7,31,45,393.50
Contribution to;		
- Provident Fund and other Funds	61,50,218.00	55,57,054.00
- Gratuity	4,05,071.00	19,94,038.00
Staff Welfare Expenses	8,84,328.60	7,62,624.00
	8,88,84,114.60	8,14,59,109.50

- a) Salaries, wages and bonus includes an amount of Rs. 80,47,000/- (PY Rs.84,00,000/-) paid to the Directors as Remuneration as per Schedule V of the Companies Act, 2013
- b) Provident Fund : Company pays fixed contribution to Provident Fund at predetermined rates to the EPF fund maintained by Employees' Provident Fund Organisation, Government of India. Company obligation is limited to payment of contribution at the pre determined rates. The settlement to the employees shall be made by the EPF organisation.
- c) Gratuity: Payable to employees, who render continuous service of 5 years or more, on separation, @15 days of last drawn pay of each completed year of service.
- d) Leave encashment: Leave encashment amount is paid to the employees at the end of the each calendar year.

Note No.25		
Finance Cost		
Interest Expenses	6,40,077.00	41,51,264.19
BG Commission and Charges	29,22,171.47	24,59,798.02
Other Borrowings cost	52,582.00	1,13,722.76
	36,14,830.47	67,24,784.97



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.26		
Other Expenses		
A C Maintenance	90,324.50	1,79,587.00
Advertisements	8,02,643.08	54,328.00
Bad Debts Written off	3,90,266.38	28,24,108.43
Bank Charges & Payment Gateway Charges	1,75,86,542.04	25,11,852.05
Books & Periodicals	2,90,161.00	2,85,707.00
Business Development	48,44,811.80	37,28,803.11
Computer maintenance including parts	36,58,028.19	36,96,729.00
Conveyance	2,66,211.00	2,68,989.00
CSR Expenses	15,11,017.00	14,07,743.00
Current Repairs to lease hold buildings	8,20,500.00	-
Demat charges	1,26,273.07	1,86,960.98
Donations	50,000.00	2,45,000.00
E-Governance Commission	22,02,62,522.39	4,23,37,346.71
Electricity Charges and maintenance	64,10,991.49	70,66,579.11
Fee to Company Secretary	1,26,000.00	1,26,000.00
Fees & Charges, Filing fee	10,03,480.98	18,91,454.93
Generator maintenance	2,24,159.46	2,20,501.00
Insurance	10,25,598.00	9,59,967.00
Legal, Consultancy and Professional fee	51,45,513.30	57,25,772.50
Meeting & Conferences	10,412.00	-
Office Maintenance	46,64,911.14	43,18,816.00
Office Rent	1,33,68,502.00	1,08,53,299.00
Payment to Auditors (Refer Note No.26.1)	9,24,239.50	7,84,930.50
Printing & Stationery, Postage and Other Charges	13,68,262.18	20,02,768.61
Provision for Doubtful Debts	35,89,504.44	95,00,967.69
Sub-brokerage	7,01,58,514.77	7,07,76,891.46
Subscriptions	4,96,816.62	4,27,185.00
Telephone Charges & Maintenance	46,03,465.20	49,34,851.49
Tours and Travels	11,00,620.77	9,64,613.81
Transportation charges	1,27,233.00	50,072.40
Vehicle maintenance	10,41,040.34	9,52,431.75
Xerox and coolers maintenance	1,73,800.49	1,07,548.00
	36,62,62,366.13	17,93,91,804.53

Note No.26.1		
Payment to Auditors includes payments to Statutory Auditors towards		
Statutory Audit Fee	2,00,000.00	1,81,475.00
Taxation Matters	-	1,60,000.00
Certifications	-	75,000.00
	2,00,000.00	4,16,475.00



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.27		
Earnings per share (EPS)		
Earnings (as reported)	11,07,86,394.66	4,65,33,023.09
Shares		
No. of Shares	1,51,07,095.00	1,51,07,095.00
No. of Weighted Average Shares	1,51,07,095.00	1,28,35,276.00
Earnings per Equity Share (Rs.)		
- Basic	7.33	3.63
- Diluted	7.33	3.63

Note No.28

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

Sl. No.	Particulars	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
1	Corporate Guarantee provided to Subsidiary Company	4,00,00,000	4,00,00,000
2.	Bank Guarantees in favour of Clearing Corporations of Stock Exchanges issued by Banks on behalf of the Company against 50% of Cash Margin i.e. Fixed Deposit Receipts	26,45,00,000	24,45,00,000
3	Cases against the Company not acknowledged as debts : Legal suits filed against the Company (See note No.28.1(a) & (b)	83,02,784	85,61,809
4	Income tax Demands pending in appeals (See note No.28.1(c))	1,84,45,423	1,79,53,690
5	Show cause notices from Service tax department for which the Company has filed replies	98,45,755	42,44,046
6	Service tax demands, pending in appeal (See Note No.28.1(d))	5,66,09,852	1,79,89,154

28.1

- (a) Cases against the Company and not acknowledged as debts, amounting to Rs.24,74,784/- are pending at various courts/forums and out of these, claims amounting to Rs.14,88,110/- 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 2015-2016, for which the Company has filed Appeals before the Appellate Authorities. However the Company has paid the entire amount of Demand
- (d) Service tax demands against the Company. The Company has deposited an amount of Rs. Rs.13,49,186/- as a condition precedent of hearing the appeal before The Commissioner (Appeals). However the appeal has been disposed off by the learned Commissioner (Appeals) in favor of Revenue on 21.05.2018. The Company is preparing to file an appeal against the order passed by the Commissioner (Appeals) before CESTAT.



Note No.29

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

Note No.30

Related party disclosures:

Nature of relationship	Name of Party
(a) Related Parties where control exists :	
Subsidiaries	Steel City Commodities Private Limited
Group Companies	Steel City Financial Services Private Limited
(b) Other related parties :	
Key Management Personnel	Mr. 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	1,70,08,522.34	1,70,08,522.34	(16,73,000)	0.00
2	Associate Company	Steel City Financial Services Private Ltd	0.00	0.00	0.00	0.00	23,95,500	0.00
3	Chairman and Managing Director upto 05-11-2017	G Sree Rama Murthy	23,47,000.00	0.00	0.00	0.00	92,59,662	3,318.10
4	Executive Chairman w.e.f. 24-11-2017	K Satyanarayana	31,00,000.00	0.0	0.00	0.00	47,30,700	3,470.80
5	Managing Director w.e.f. 24-11-2017	Satish Kumar Arya	26,00,000.00	0.00	0.00	0.00	23,87,520	5,91,317.31
6	Relative of Key Management -Wife of Sri K Satyanarayana	K Mahalakshmi	0.00	0.00	0.00	0.00	154,800	6,350.93
7	Relative of Key Management - son of Sri K Satyanarayana	K S V Ramesh Babu	5,82,500.00	0.00	0.00	0.00	2,83,900	4004.80
8	Relative of Key Management - wife of Sri Satish Kumar Arya	Nirmala Devi Arya	0.00	0.00	0.00	0.00	1,40,400	50056.00
	Total		86,29,500.00	4,00,00,000.00	1,70,08,522.34	1,70,08,522.34	1,76,79,482.00	6,58,517.94

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.	2,80,760.00
G. Sree Rama Murthy	0.00
K. Satyanarayana	0.00
Satish Kumar Arya	0.00

Note No. 31

Statement of utilisation of Initial Public Offering ('IPO') as on 31st March, 2018:

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:

(Amount in Rs. Lakhs)

Particulars	Proposed amount as per Prospectus	Proposed amount as per the Resolution passed through Postal Ballot on 02.01.2018	Amount utilized as on 31.03.2018
Investment in Technology Upgradation and office infrastructure for expansion of E-Governance business	390.00	194.02	194.02
Setting up AADHAAR Enrolment centre at all our existing Branches	264.00	0.87	0.87
Enhancement of our Company's brand through advertising and other brand-building activities	250.00	1.00	1.00
Working Capital Requirement	200.00	887.04	887.04
Offer Expenses	220.00	241.07	241.07
General Corporate Purposes	175.40	175.40	175.40
Total	1499.40	1499.40	1499.40



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:

	31st March 2018	31st March 2017
Net Asset / (Liability) recognised in the Balance Sheet:		
Present Value of Defined Benefit Obligation	89,98,968	83,65,556
Fair Value of Plan Assets	90,49,859	70,21,518
Funded Status [Surplus / (Deficit)]	50,891	(13,44,038)
Unrecognised Past Service Costs	—	—
Net Asset / (Liability) recognised in the Balance Sheet	50,891	(13,44,038)
Change in Defined Benefit Obligations (DBO) during the Year:		
Present Value of DBO at the beginning of the Year	83,65,556	65,40,376
Current Service Cost	9,88,116	9,08,784
Interest Cost	5,94,912	4,97,540
Actuarial (Gains) / Losses	—	—
Past Service Cost	—	—
Benefits Paid	(4,32,147)	(4,84,811)
Actuarial loss/(gain) on obligation (balancing figure)	(5,17,469)	9,03,667
Present Value of DBO at the end of the Year	89,98,968	83,65,556
Change in Fair Value of Assets during the Year:		
Plan Assets at the beginning of the Year	70,21,518	63,13,573
Expected Return on Plan Assets	5,81,761	5,43,674
Actual Company Contributions	18,00,000	6,50,000
Actuarial Gain / (Loss)	78,727	(918)
Benefits Paid	(4,32,147)	(4,84,811)
Plan Assets at the end of the Year	90,49,859	70,21,518
Actual Return on Plan Assets	6,60,488	5,42,756
Composition of Plan Assets is as follows:		
Government Bonds	Not Received	Not Received
Debentures and Bonds	Not Received	Not Received
Fixed Deposits	Not Received	Not Received
Others	Not Received	Not Received
* - Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer.	90,49,859	70,21,518
Assumption used in accounting for Gratuity Plan:		
Discount Rate	7.71	7.30
Salary Escalation Rate	5.00	5.00
Expected rate of return on plan assets	7.55	7.55



Note No.33

Corporate Social Responsibility

- a) Gross Amount required to be spent by the Company during the year Rs.15,11,017.00
- b) Total Amount spent during the year is Rs.15,11,017.00 as detailed below:

Particulars	Amount (Rs.)
Amount Contributed to Sweekaram Education Society of Greater Visakhapatnam Municipal Corporation, Visakhapatnam.	5,00,000.00
Amount Contributed to Prime Minister National Relief Fund	6,11,017.00
Amount Contributed to Lebenshilfe, Visakhapatnam.	2,00,000.00
Amount Contributed to The Akshaya Patra Foundation, Visakhapatnam.	2,00,000.00
Total	15,11,017.00

Note No.34

Segment Reporting

1. Business Segment:

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

Information about the Primary Segment :

Particulars	Stock Broking & Dp Operations	E-Governance Operations	Grand Total
A. Segment Revenue			
External Segment	31,29,23,663.01	32,32,43,235.73	63,61,66,898.74
Internal Segment	-	-	-
Total Revenue	31,29,23,663.01	32,32,43,235.73	63,61,66,898.74
B. Segment Results Profit/Loss	8,91,99,914.69	7,66,11,882.87	16,58,11,797.56
Less: Depreciation			86,27,809.94
Less: Income Taxes (Current, Deferred Tax)			4,63,97,592.96
Profit/(Loss) After Tax			11,07,86,394.66
C. Segment Assets	97,46,86,474.10	26,79,67,538.99	1,24,26,54,013.09
D. Segment Liabilities	35,64,25,151.31	20,18,23,356.59	55,82,48,507.90
E. Capital Expenditure	92,96,043.74	38,21,654.52	1,31,17,698.26
F. Depreciation	74,09,492.17	12,18,317.77	86,27,809.94



2. Geographical Segment

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

Note No.35

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

In terms of our report attached

For SARC & ASSOCIATES

Chartered Accountants
Firm Reg.No.006085N

CHANDRA SEKHAR AKULA

Partner
Membership No.206704

PLACE: VISAKHAPATNAM
DATE : 29.05.2018

For STEEL CITY SECURITIES LIMITED

K SATYANARAYANA

EXECUTIVE CHAIRMAN

N RAMU

CHIEF FINANCIAL OFFICER

SATISH KUMAR ARYA

MANAGING DIRECTOR

M SRIVIDYA

COMPANY SECRETARY

G S R PRASAD

DIRECTOR



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, 2018, 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, 2018, 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, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company and its associate Company none of the directors of the Group is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our report in "Annexure A", which is based on the Auditors' Reports of the Holding Company, its subsidiary companies and its associate Company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its associate Company incorporated in India



- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. The Group has disclosed the impact of pending litigations on the Consolidated financial position of the Group in its Consolidated financial statements as of March 31, 2018 - Refer Note No.28
 - b. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For SARC & ASSOCIATES

Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA

(Partner)
Membership No. :206704

Place: VISAKHAPATNAM

Date: 29.05.2018



"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, 2018 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, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

For SARC & ASSOCIATES

Chartered Accountants
FRN:006085N

CHANDRA SEKHAR AKULA

(Partner)

Membership No. :206704

Place: VISAKHAPATNAM

Date: 29.05.2018



CONSOLIDATED BALANCE SHEET AS AT 31st MARCH, 2018

	Note No	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
I. EQUITY AND LIABILITIES:			
1. Shareholders' Funds			
a) Share Capital	3	15,10,70,950.00	15,10,70,950.00
b) Reserves and Surplus	4	64,22,96,387.01	57,40,20,996.67
2. Minority Interest		2,29,33,869.10	2,26,44,148.05
3. Non- Current Liabilities			
a) Long-term borrowings	5	3,12,175.00	4,08,423.00
b) Deferred tax liabilities (net)	6	-	-
4. Current Liabilities			
a) Short-term borrowings	7	-	-
b) Trade Payables	8	29,12,46,134.09	26,54,86,739.26
c) Other Current Liabilities	9	24,88,69,201.80	10,72,18,770.17
d) Short-term Provisions	10	5,46,16,678.50	4,71,78,773.00
Total		1,41,13,45,395.49	1,16,80,28,800.15
II ASSETS			
1. Non Current Assets			
a) Fixed Assets			
i) Tangible Assets	11	4,35,93,625.64	4,09,60,974.56
ii) Intangible Assets	12	33,42,108.06	18,12,654.96
b) Non Current Investments	13	4,14,82,880.25	3,74,62,464.82
c) Deferred tax assets(net)	14	15,96,720.59	17,43,471.16
d) Long term Loans and Advances	15	11,31,41,075.00	5,23,76,596.00
e) Other Non-current Assets	16	7,79,52,068.83	6,38,87,116.39
f) Goodwill on consolidation		2,42,34,000.00	2,42,34,000.00
2. Current Assets			
a) Current Investments	13	83,33,025.75	-
b) Trade Receivables	17	53,02,43,858.27	53,73,84,846.90
c) Cash and Cash Equivalents	18	50,46,56,502.16	38,96,09,239.27
d) Short-term loans and advances	19	4,90,76,662.02	1,02,76,694.91
e) Other Current Assets	20	1,36,92,868.92	82,80,741.17
Total		1,41,13,45,395.49	1,16,80,28,800.15
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

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

For STEEL CITY SECURITIES LIMITED

CHANDRA SEKHAR AKULA
 Partner
 Membership No.206704

K SATYANARAYANA
 EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
 MANAGING DIRECTOR

G S R PRASAD
 DIRECTOR

PLACE: VISAKHAPATNAM
 DATE : 29.05.2018

N RAMU
 CHIEF FINANCIAL OFFICER

M SRIVIDYA
 COMPANY SECRETARY



**CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED 31st MARCH, 2018**

	Note No	Year Ended 31-Mar-18 Rs.	Year Ended 31-Mar-17 Rs.
I. Revenue from Operations	21	62,96,80,902.39	36,25,47,191.36
II. Other Income	22	3,17,04,854.70	2,10,88,085.78
III. Total Revenue (I+II)		66,13,85,757.09	38,36,35,277.14
IV. Expenses			
Expenditure on Trading Operations	23	1,17,88,128.16	1,18,16,520.48
Employee benefits expense	24	9,63,04,842.60	8,94,10,436.50
Finance Costs	25	40,59,115.35	70,29,325.30
Depreciation and amortisation expense	11 & 12	89,55,594.08	64,11,340.48
Other expenses	26	37,96,99,784.96	19,35,68,265.88
Total Expenses		50,08,07,465.15	30,82,35,888.64
V. Profit before tax (III-IV)		16,05,78,291.94	7,53,99,388.50
VI. Tax Expense			
1) Current Tax		4,51,41,680.00	2,74,19,760.00
2) Tax relating to prior years		23,99,633.60	1,80,103.52
3) Deferred tax		1,46,750.57	(26,04,778.20)
Total Tax Expenses		4,76,88,064.17	2,49,95,085.32
VII. Profit after tax and before Share in Associate (V-VI)		11,28,90,227.77	5,04,04,303.18
VIII. Share of Profit in Associate (net)		15,24,843.12	7,20,200.88
IX. Profit for the year before Minority Interest (VII-VIII)		11,44,15,070.89	5,11,24,504.06
X. Minority Interest		(7,42,168.14)	(9,41,560.62)
XI. Profit for the Year		11,36,72,902.76	5,01,82,943.44
XII. Earnings per share (of Rs.10/- each)	27		
a) Basic - Annualised		7.52	3.91
b) Diluted - Annualised		7.52	3.91
Overview & Significant Accounting policies	1 & 2		
The accompanying notes are an integral part of these Financial Statements			

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

For **STEEL CITY SECURITIES LIMITED**

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2018

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2018

	Year Ended 31-Mar-18 Rs.	Year Ended 31-Mar-17 Rs.
A. Cash flow from Operating Activities		
Net Profit Before Share of Profit of Associate & Minority Interest	16,05,78,291.94	7,53,99,388.50
Adjustment for:		
Depreciation and amortization expense	89,55,594.08	64,11,340.48
Finance Costs	40,59,115.35	70,29,325.30
Interest Income	(2,44,73,563.47)	(2,01,71,377.57)
Dividend Income	(1,17,256.00)	(28,726.00)
Loss/(profit) on Sale of Fixed assets (net)	-	-
Operating Profit before Working Capital Changes	14,90,02,181.90	6,86,39,950.71
Trade Receivables	71,40,988.63	(8,15,49,105.46)
Other Receivables	(4,42,12,094.86)	(1,63,80,731.44)
Other Assets	(7,48,29,431.44)	(2,32,62,984.66)
Trade Payables	2,57,59,394.83	6,19,89,786.55
Other Payables & Provisions	13,03,67,197.13	8,59,57,992.72
Change in Working Capital	4,42,26,054.29	2,67,54,957.71
Cash generated from Operations	19,32,28,236.19	9,53,94,908.42
Income tax paid	(2,88,20,173.60)	2,88,20,173.60
Net Cash generated from Operating Activities	16,44,08,062.59	6,65,74,734.82
B. Cash flow from Investing Activities		
Purchase of Fixed Assets	(1,31,17,698.26)	(2,84,16,009.00)
Proceeds from Sale of Fixed Assets	-	-
Proceeds from Additional Capital	-	12,11,47,810.07
Proceeds from (Purchase)/Sale of Investments	(1,08,28,598.06)	(1,07,74,000.00)
Income from Investments	1,17,256.00	28,726.00
Interest Received	2,44,73,563.47	2,01,71,377.57
Net cash used in investing activities	6,44,523.15	10,21,57,904.64
C. Cash flow from Financing Activities		
Interest paid	(40,59,115.35)	(70,29,325.30)
Proceeds from borrowings	-	(4,66,41,162.45)
Repayment of borrowings	(96,248.00)	(10,50,035.00)
Dividend paid including tax on dividend	(4,58,49,959.50)	(3,69,33,907.00)
Net cash used in Financing activities	(5,00,05,322.85)	(9,16,54,429.75)
D. Net Increase/ (Decrease) in Cash & Cash Equivalents	11,50,47,262.89	7,70,78,209.71
E. Cash & Cash Equivalents (Opening) as on 1st April 2017 / 1st April 2016	38,96,09,239.26	31,25,31,029.55
F. Cash & Cash Equivalents (Closing)	50,46,56,502.15	38,96,09,239.26
Reconciliation of Cash and Cash Equivalents with the Balance Sheet:		
Cash in hand	13,42,010.18	14,08,197.20
Cheques, draft on hand	63,20,019.09	63,21,201.11
Balances with Schedule banks		
in current accounts	19,37,57,822.86	5,57,10,113.93
in deposit accounts	30,18,16,375.03	32,48,73,597.03
in unclaimed dividend accounts	14,20,275.00	12,96,130.00

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

For **STEEL CITY SECURITIES LIMITED**

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2018

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 83.65% of shares) are primarily engaged in the business of retail broking (securities and commodity broking), DP Services, E-Governance, Services of EA of UIDAI, Corporate insurance agents, marketing support services. The Shares of the Company are listed on National Stock Exchange SME platform. i.e. “NSE EMERGE”.

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

Note No.2 : Significant Accounting Policies

a) Principles of consolidation

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

b) Basis of Preparation of Financial Statements

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

The financial Statements are prepared in accordance with the principles and procedures required for the preparation and presentation of Consolidated Financial Statements as laid down under the Accounting Standards (AS)21, ‘Consolidated Financial Statements’. The financial statements of Steel City Securities Limited - the Holding Company and its subsidiary i.e Steel City Commodities Private Limited have been combined on a line-by-line basis by adding together book values like items of assets, liabilities, income and expenses after eliminating intra group balances and transactions if any. The Consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Minority interests have been excluded. Minority interest represent that part of the net profit or loss and net assets of subsidiary that are not, directly or indirectly, owned or controlled by the Company.



c Use of Estimates

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

d Income Recognition

i. Operating Income

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

ii. Interest Income

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

iii. Dividend Income

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

e Expenses

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

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

f Fixed Assets (Tangible/Intangible) and Goodwill

Fixed Assets are valued at cost less accumulated Depreciation. Cost include all expenses incurred to bring the asset to its present location and condition. 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-18 Rs.	As at 31-Mar-17 Rs.
Note No.3		
Share Capital		
Authorised 2,50,00,000 (P.Y 2,50,00,000) Equity Shares of Rupees 10/- each	25,00,00,000.00	25,00,00,000.00
Total	25,00,00,000.00	25,00,00,000.00
Issued subscribed and paid up capital 1,51,07,095 (P.Y 1,51,07,095) Equity Shares of Rupees 10/- each, fully paid-up	15,10,70,950.00	15,10,70,950.00
	15,10,70,950.00	15,10,70,950.00

Notes:

(i) Reconciliation of number of Shares

Particulars	As at March, 2018		As at March, 2017	
	No of Shares	Amount (Rs.)	No of Shares	Amount (Rs.)
Equity shares				
Opening Balance	1,51,07,095	15,10,70,950.00	1,23,80,912	12,38,09,120.00
Issued during the year	0	-	27,26,183	2,72,61,830.00
Closing Balance	1,51,07,095	15,10,70,950.00	1,51,07,095	15,10,70,950.00

(ii) Rights attached to equity shares:

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

During the year, the per share interim dividend paid to equity shareholders was Rs. 2/- (previous year Rs.1.00) and final Dividend recommended for distribution to equity shareholders is Rs.0.50 (previous year Rs.1/-)

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, 2018		As at March, 2017	
	No of Shares held	% of Holding	No of Shares held	% of Holding
K Satyanarayana	15,76,900	10.44	15,76,900	10.44
Satish Kumar Arya	8,15,840	5.40	7,95,840	5.27
G Sirisha	25,93,731	17.17	1,28,900	0.85
G Vishnu Vandana	25,75,500	17.05	1,66,500	1.10
Steel City Financial Services Pvt.Ltd	7,98,500	5.29	7,98,500	5.29
G Sree Rama Murthy	0	-	46,29,831	30.65

(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-18 Rs.	As at 31-Mar-17 Rs.
Note No.4		
Reserves and Surplus		
Securities Premium Reserve		
Balance at the beginning of the year	10,44,47,825.07	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	10,44,47,825.07
General Reserve		
Balance at the beginning of the year	8,87,72,189.03	8,35,79,018.72
Add: Transfer from Surplus	1,14,56,322.78	51,93,170.32
Less: Minority Interest	(27,54,884.23)	(26,66,615.81)
Closing Balance	9,74,73,627.58	8,61,05,573.23
Surplus in statement of Profit and Loss		
Opening Balance	40,18,10,130.61	39,28,12,703.87
Add: Net Profit/(Loss) for the current period	11,36,72,902.76	5,01,82,943.44
Less: Minority Interest	(1,78,01,816.73)	(1,74,00,971.62)
Amount available for appropriation	49,76,81,216.63	42,55,94,675.69
Appropriations:		
Transfer to General Reserve	(1,14,56,322.78)	(51,93,170.32)
Interim Dividend	(3,02,14,190.00)	(1,55,79,695.00)
Interim Dividend Tax	(61,50,900.00)	(31,71,667.00)
Proposed Final Dividend	(78,80,547.50)	(1,51,07,095.00)
Proposed Final Dividend Tax	(16,04,322.00)	(30,75,450.00)
Closing Balance	44,03,74,934.35	38,34,67,598.37
Total	64,22,96,387.01	57,40,20,996.67

The Board of Directors at their meeting held on May 29, 2018 recommended a final dividend of Rs.0.50 per equity share

Note No.5		
Long-term borrowings		
Secured		
Vehicle Loans from Banks	3,12,175.00	4,08,423.00
	3,12,175.00	4,08,423.00

Vehicle Loan Received from HDFC Bank & Others, which is payable in monthly installments i.e.Rs. 12,487/-

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



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.7		
Short-term borrowings		
Secured		
Loan repayable on demand from banks	-	-
Unsecured	-	-
Total	-	-

- a) 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.
- 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.

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.8		
Trade payables		
Trade Payables	5,65,22,080.95	5,75,94,485.26
Margin money from Trade Clients	23,47,24,053.14	20,78,92,254.00
	29,12,46,134.09	26,54,86,739.26

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

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.9		
Other Current Liabilities		
Liability for expenses, sub-brokers/franchises	6,97,14,728.15	4,49,58,581.83
Margin money from E-Governance Centres	5,81,85,194.38	2,44,97,771.03
Liability against E-Governance Processings	11,11,87,196.20	2,81,04,480.00
Unpaid dividends	14,20,275.00	12,96,130.00
V Sat Deposits	83,61,808.07	83,61,807.31
	24,88,69,201.80	10,72,18,770.17

- 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, 2018 an amount of Rs.3,61,350/- has been transferred to Investor Education and Protection Fund

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.10		
Short term provisions		
Provision for Employee benefits		
- provision for gratuity	(9,871.00)	15,76,468.00
Provision for Taxation	4,51,41,680.00	2,74,19,760.00
Provision for Dividend	78,80,547.50	1,51,07,095.00
Provision for Dividend Tax	16,04,322.00	30,75,450.00
	5,46,16,678.50	4,71,78,773.00

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 01.04.2017	Additions as on 31.03.2018	Deletions as on 31.03.2018	As at 31.03.2018	Up to 31.03.2017	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
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	12,75,219.04	60Yrs	98,198.81	-	13,73,417.85	48,28,612.15	49,26,810.96
Buildings WIP	6,15,752.00	-	-	6,15,752.00	-	-	-	-	-	6,15,752.00	6,15,752.00
Furniture & Fixtures	52,17,396.44	7,29,214.70	7,91,572.00	51,55,039.14	27,42,650.42	10Yrs	5,15,309.07	7,91,572.00	24,66,387.49	26,88,651.65	24,74,746.02
Electrical Equipments	2,74,48,625.20	18,19,873.98	22,05,172.90	2,70,63,326.28	1,45,89,496.89	10Yrs	25,88,943.13	22,05,172.90	1,49,73,267.12	1,20,90,059.16	1,28,59,128.31
Computers	1,01,03,066.00	68,93,932.98	18,39,692.00	1,51,57,306.98	5,82,854.74	3-6Yrs	33,08,905.01	18,39,692.00	20,52,067.75	1,31,05,239.23	95,20,211.26
Vehicles	72,05,778.01	5,33,815.00	67,777.00	76,71,816.01	31,03,140.61	8Yrs	8,62,693.87	67,777.00	38,98,057.48	37,73,758.53	41,02,637.40
Cycles	10,090.00	4,550.00	-	14,640.00	7,797.56	10Yrs	1,319.75	-	9,117.31	5,522.69	2,292.44
Other Assets	2,65,305.00	85,639.00	-	3,50,944.00	72,578.83	5Yrs	59,004.94	-	1,31,583.77	2,19,360.23	1,92,726.17
Total	6,33,34,712.65	1,00,67,025.66	49,04,213.90	6,84,97,524.41	2,23,73,738.09		74,34,374.58	49,04,213.90	2,49,03,898.77	4,35,93,625.64	4,09,60,974.56

Note No.12 : Intangible Assets

Description	Gross Block at Cost				Depreciation				Net Block		
	As at 01.04.2017	Additions as on 31.03.2018	Deletions as on 31.03.2018	As at 31.03.2018	Up to 31.03.2017	Rate of Dep	Dep during the period	Del. during the period	Up to 31.03.2018	As at 31.03.2018	As at 31.03.2017
Software	29,33,822.00	30,50,672.60	3,21,416.00	56,63,078.60	11,21,167.04	3Yrs	15,21,219.50	3,21,416.00	23,20,970.54	33,42,108.06	18,12,654.96
Total	29,33,822.00	30,50,672.60	3,21,416.00	56,63,078.60	11,21,167.04		15,21,219.50	3,21,416.00	23,20,970.54	33,42,108.06	18,12,654.96



	As at 31 March 18 Rs.	As at 31 March 17 Rs.
Note No.13		
Non Current Investments		
Other investments (quoted) - Trade		
Investment in Equity Instruments		
197 (P.Y 2,197) equity shares of Rs.2/- (PY Rs.1/-)each of BSE Ltd at cost	30.31	338.00
Other investments (unquoted) -Trade Investments in Equity Instruments Associate:		
960000 (PY 960000) equity shares of Rs.10/- each of Steel City Financial Services Pvt Ltd at cost	2,89,61,969.94	2,74,37,126.82
Other investments (unquoted) - Non-Trade		
4,00,000 (P.Y 4,00,000) 9% Compulsory Convertible Cumulative Preference Shares of MELIORA ARC LTD	1,00,00,000.00	1,00,00,000.00
216(P.Y 0) 9% Compulsory Convertible Debentures of Redcliffe Hygiene Private Limited	24,95,880.00	-
2,500 (P.Y 2500) equity shares of Rs.10/- each of Steel City Infotech Pvt Ltd	25,000.00	25,000.00
	4,14,82,880.25	3,74,62,464.82
Book Value of Quoted Investments	30.31	338.00
Market Value of Quoted Investments	1,48,971.10	21,80,159.50
Book Value of Unquoted Investments	4,14,82,849.94	3,74,62,126.82

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	2,89,61,969.94

Current Investments:		
Other investments (Quoted) - Trade		
ANI Integrated Services Ltd 1200 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	1,20,000.00	-
Asian Paints Ltd 865 Qty (P.Y 0) of Rs.1/- (PY Rs.1/-) each	10,00,278.48	-
Cipla Ltd 3235 Qty (P.Y 0) of Rs.2/- (PY Rs.2/-) each	20,05,279.61	-
DLF Ltd 3950 Qty (P.Y 0) of Rs.2/- (PY Rs.2/-) each	10,03,564.14	-
India Cements Ltd 11000 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	20,20,944.80	-
Tata Motors Ltd 4650 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	20,04,664.41	-
Wockhardt Pharma Ltd 2190 Qty (P.Y 0) of Rs.10/- (PY Rs.10/-) each	20,03,529.10	-
	1,01,58,260.54	-
Provision for Diminution in value of Investments	(18,25,234.79)	-
	83,33,025.75	-
Book Value of Quoted Investments	1,01,58,260.54	-
Market Value of Quoted Investments	83,33,025.75	-



	As at 31 March 18 Rs.	As at 31 March 17 Rs.
Note No.14		
Deferred tax Asset (net)		
Tax effect of items constituting deferred tax liability		
- Depreciation on fixed assets	26,11,700.42	14,29,736.77
Tax effect of items constituting deferred tax liability (A)	26,11,700.42	14,29,736.77
Tax effect of items constituting deferred tax Asset		
- Provision for Doubtful Debts	42,08,421.01	31,73,207.93
Tax effect of items constituting deferred tax Asset (B)	42,08,421.01	31,73,207.93
Deferred Tax Asset (net) (B-A)	15,96,720.59	17,43,471.16
Note No.15		
Long term Loans and Advances		
Unsecured, considered good		
Interest free Security Deposits with Exchanges	10,00,35,000.00	4,03,85,000.00
V Sat Deposits with Exchanges	50,000.00	50,000.00
Telephone Deposits	7,35,241.00	7,35,241.00
Rental Deposits	67,12,246.00	60,40,732.00
Electricity Deposits	8,33,801.00	7,60,836.00
Other Deposits	47,74,787.00	44,04,787.00
	11,31,41,075.00	5,23,76,596.00
Note No.16		
Other Non-current Assets		
Advance Income Tax	7,61,91,097.40	6,23,78,543.60
Prepaid expenses	17,60,971.43	15,08,572.79
	7,79,52,068.83	6,38,87,116.39
Note No.17		
Trade Receivables		
outstanding for a period exceeding Six months		
Unsecured, considered good	9,81,56,861.83	10,83,98,221.54
Unsecured, considered Doubtful	1,54,97,278.21	1,19,07,773.77
	11,36,54,140.04	12,03,05,995.31
Less: Provision for doubtful debts	1,54,97,278.21	1,19,07,773.77
	9,81,56,861.83	10,83,98,221.54
outstanding for a period between 3 to 6 months		
Unsecured, considered good	14,26,832.85	17,46,060.09
Other Debts - Less than Three Months		
Secured, considered good	43,06,60,163.59	42,72,40,565.27
	53,02,43,858.27	53,73,84,846.90



	As at 31 March 18 Rs.	As at 31 March 17 Rs.
Note No.18		
Cash and Cash Equivalents		
Cash on hand	13,42,010.18	14,08,197.20
Cheques, drafts on hand and transit	63,20,019.09	63,21,201.11
Balances with Banks		
- in current accounts	19,37,57,822.86	5,57,10,113.93
- Unclaimed dividend account	14,20,275.00	12,96,130.00
- in deposit accounts		
Against Bank Guarantees & other commitments	20,54,67,195.03	16,48,58,099.03
Deposit original maturity less than 12 months	9,63,49,180.00	13,25,40,156.00
Deposit original maturity more than 12 months	-	2,74,75,342.00
	50,46,56,502.16	38,96,09,239.27

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

Note No.19		
Short-term loans and advances		
Unsecured, considered good		
Advance to suppliers	3,97,144.00	1,26,691.00
Other loans and advances		
Advance to employees	17,14,680.14	12,55,441.34
Receivable from E-Governance Centres	82,72,790.85	88,28,375.57
Receivable from Sub-brokers	5,35,780.41	-
Others	3,81,56,266.62	66,187.00
	4,90,76,662.02	1,02,76,694.91

Note No.20		
Other Current Assets		
Interest accrued on Fixed Deposits	64,09,795.92	62,90,760.55
Other Receivables	72,83,073.00	19,89,980.62
	1,36,92,868.92	82,80,741.17

Note No.21		
Revenue from Operations		
Income from Broking Operations	30,01,05,261.73	28,98,25,834.50
Income from DP Operations	63,26,229.95	1,06,03,519.21
Income from E-Governance Operations	32,32,43,235.73	6,21,17,837.65
Income from Margin Trading Operations	6,174.98	-
	62,96,80,902.39	36,25,47,191.36



	As at 31 March 18 Rs.	As at 31 March 17 Rs.
Note No.22		
Other Income		
Interest from Fixed Deposits	2,44,73,563.47	2,01,71,377.57
Profit on sale of Investments	64,45,622.53	-
Insurance Commission	3,07,549.75	3,10,387.52
Prof.Dividend carrying 9% coupon rate	3,60,000.00	3,60,000.00
Bad Debts Recoveries	862.95	2,17,594.69
Dividend Income	1,17,256.00	28,726.00
	3,17,04,854.70	2,10,88,085.78
Dividend amount of Rs.61,516/- (PY Rs.28,726/-) received from BSE Ltd		

Note No.23		
Expenditure on Trading Operations		
Transaction Charges	39,53,990.25	22,76,097.80
Trading Expenses	(71,070.32)	1,90,395.94
Annual Subscription to Exchanges	1,75,875.00	1,50,750.00
Insurance	4,18,715.84	4,29,728.00
V Sat Charges and Maintenance	51,06,243.71	64,22,991.74
Batteries, UPS Maintenance	22,04,373.68	23,46,557.00
	1,17,88,128.16	1,18,16,520.48

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	8,81,20,452.00	8,01,67,366.50
Contribution to;		
- Provident Fund and other Funds	67,30,107.00	61,93,898.00
- Gratuity	5,13,661.00	22,26,468.00
Staff Welfare Expenses	9,40,622.60	8,22,704.00
	9,63,04,842.60	8,94,10,436.50

- Salaries, wages and bonus includes an amount of Rs. 80,47,000/- (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.

Note No.25		
Finance Cost		
Interest Expenses	7,86,991.00	41,51,264.19
BG Commission and Charges	32,19,542.35	27,63,356.90
Other Borrowings cost	52,582.00	1,14,704.21
	40,59,115.35	70,29,325.30



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.26		
Other Expenses		
Audit Fee		
A C Maintenance	90,324.50	1,79,587.00
Advertisements	8,02,643.08	54,328.00
Bad Debts Written off	3,90,266.38	28,24,108.43
Bank Charges & Payment Gateway Charges	1,75,86,542.04	25,11,852.05
Books & Periodicals	2,90,161.00	2,85,707.00
Business Development	52,09,451.40	41,43,138.44
Computer maintenance including parts	46,39,743.54	47,80,409.50
Conveyance	2,66,211.00	2,68,989.00
C S R Expenses	15,11,017.00	14,07,743.00
Current Repairs to leasehold buildings	8,20,500.00	-
Demat charges	1,33,063.62	1,92,685.98
Diminution in value of Investments	18,25,234.79	-
Donations	65,000.00	2,60,000.00
E-Governance Commission	22,02,62,522.39	4,23,37,346.71
Electricity Charges and maintenance	71,82,308.49	76,73,870.11
Fee to Company Secretary	1,56,000.00	1,56,000.00
Fees & Charges, Filing fee	13,00,393.71	20,87,854.44
Generator maintenance	2,49,890.46	2,40,905.00
Insurance	10,48,154.00	10,64,925.00
Legal, Consultancy and Professional fee	59,54,333.30	59,73,836.50
Meeting & Conference	10,412.00	-
Office Maintenance	48,36,961.14	44,95,342.00
Office Rent	1,47,96,492.00	1,19,55,329.00
Payment to Auditors(Refer Note No.26.1)	11,19,239.50	9,80,605.50
Printing & Stationery, Postage and Other Charges	14,41,890.18	22,29,592.61
Provision for Doubtful Debts	35,89,504.44	96,07,773.77
Sub-brokerage	7,65,17,763.58	8,03,11,881.39
Subscriptions	5,36,316.62	5,10,173.00
Telephone Charges & Maintenance	46,04,765.20	49,36,379.49
Tours and Travels	11,00,620.77	9,70,221.81
Transportation charges	1,27,233.00	50,072.40
Vehicle maintenance	10,61,025.34	9,70,060.75
Xerox and coolers maintenance	1,73,800.49	1,07,548.00
	37,96,99,784.96	19,35,68,265.88
Note No.26.1		
Payment to Auditors includes payments to Statutory Auditors towards		
Statutory Audit Fee	2,40,000.00	2,22,150.00
Taxation Matters	-	2,40,000.00
Certifications	-	90,000.00
	2,40,000.00	5,52,150.00



	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Note No.27		
Earnings per share (EPS)		
Earnings (as reported)	11,36,72,902.76	5,01,82,943.44
Shares		
No. of Shares	1,51,07,095.00	1,51,07,095.00
No. of Weighted Average Shares	1,51,07,095.00	1,28,35,276.00
Earnings per Equity Share (Rs.)		
- Basic	7.52	3.91
- Diluted	7.52	3.91

Note No.28

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

Sl. No.	Particulars	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
1	Corporate Guarantee provided to Subsidiary Company	4,00,00,000	4,00,00,000
2	Bank Guarantees in favour of Clearing Corporations of Stock Exchanges issued by Banks on behalf of the Company against 50% of Cash Margin i. e . Fixed Deposit Receipts	26,45,00,000	24,45,00,000
3	Cases against the Company not acknowledged as debts:- Legal suits filed against the Company (See note No.28.1 (a) & (b))	83,02,784	85,61,809
4	Income tax Demands pending in appeals (See Note No. 28.1(c))	1,84,45,423	1,79,53,690
5.	Show cause notices from Service tax department for which the Company has filed replies	98,45,755	42,44,046
6.	Service tax demands, pending in appeal (See Note No. 28.1(d))	5,66,09,852	1,79,89,154

28.1

- (a) Cases against the Company and not acknowledged as debts, amounting to Rs.24,74,784/- are pending at various courts/forums and out of these, claims amounting to Rs.14,88,110/- 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 2015-2016, for which the Company has filed Appeals before the Appellate Authorities. However the Company has paid the entire amount of Demand
- (d) Service tax demands against the Company. The Company has deposited an amount of Rs. Rs.13,49,186/- as a condition precedent of hearing the appeal before The Commissioner (Appeals). However the appeal has been disposed off by the learned Commissioner (Appeals) in favor of Revenue on 21.05.2018. The Company is preparing to file an appeal against the order passed by the Commissioner (Appeals) before CESTAT.

Note No.29

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



Note No.30

Related Party Disclosures for the period ended 31st March, 2018:

(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					
			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	1,70,08,522.34	1,70,08,522.34	(16,73,000)	0.00
2	Associate Company	Steel City Financial Services Private Ltd	0.00	0.00	0.00	0.00	23,95,500	0.00
3	Chairman and Managing Director Upto 05.11.2017	G Sree Rama Murthy	23,47,000	0.00	0.00	0.00	92,59,662	3,318.10
4	Executive Chairman w e f 24.11.2017	K Satyanarayana	31,00,000	0.0	0.00	0.00	47,30,700	3,470.80
5	Managing Director w e f 24.11.2017	Satish Kumar Arya	26,00,000	0.00	0.00	0.00	23,87,520	5,91,317.31
6	Relative of Key Management - Wife of Sri K Satyanarayana	K Mahalakshmi	0.00	0.00	0.00	0.00	1,54,800	6,350.93
7	Relative of Key Management - son of Sri K Satyanarayana	K S V Ramesh Babu	5,82,500	0.00	0.00	0.00	2,83,900	4,004.80
8	Relative of Key Management - wife of Sri Satish Kumar Arya	Nimala Devi Arya	0.00	0.00	0.00	0.00	1,40,400	50,056.00
	Total		86,29,500	4,00,00,000.00	1,70,08,522.34	1,70,08,522.34	1,76,79,482	6,58,517.94

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.	2,80,760.00
G. Sree Rama Murthy	0.00
K. Satyanarayana	0.00
Satish Kumar Arya	0.00



Note No.31

Defined Benefit Plan – Gratuity

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

	As at 31-Mar-18 Rs.	As at 31-Mar-17 Rs.
Net Asset / (Liability) recognised in the Balance Sheet:		
Present Value of Defined Benefit Obligation	93,48,526	83,65,556
Fair Value of Plan Assets	93,58,397	70,21,518
Funded Status [Surplus / (Deficit)]	9,871	(13,44,038)
Unrecognised Past Service Costs	—	—
Net Asset / (Liability) recognised in the Balance Sheet	9,871	(13,44,038)
Change in Defined Benefit Obligations (DBO) during the Year:		
Present Value of DBO at the beginning of the Year	86,38,230	65,40,376
Current Service Cost	10,73,105	9,08,784
Interest Cost	6,14,264	4,97,540
Actuarial (Gains) / Losses	—	—
Past Service Cost	—	—
Benefits Paid	(4,39,945)	(4,84,811)
Actuarial loss/(gain) on obligation (balancing figure)	(5,37,128)	9,03,667
Present Value of DBO at the end of the Year	93,48,526	83,65,556
Change in Fair Value of Assets during the Year:		
Plan Assets at the beginning of the Year	72,20,971	63,13,573
Expected Return on Plan Assets	6,00,300	5,43,674
Actual Company Contributions	19,00,000	6,50,000
Actuarial Gain / (Loss)	77,071	(918)
Benefits Paid	(4,39,945)	(4,84,811)
Plan Assets at the end of the Year	93,58,397	70,21,518
Actual Return on Plan Assets	6,77,371	5,42,756
Composition of Plan Assets is as follows:		
Government Bonds	Not Received	Not Received
Debentures and Bonds	Not Received	Not Received
Fixed Deposits	Not Received	Not Received
Others	Not Received	Not Received
* - Funds are managed by Life Insurance Corporation of India and composition of the fund as at the balance sheet date was not provided by the insurer.	93,58,397	70,21,518
Assumption used in accounting for Gratuity Plan:		
Discount Rate	7.71	7.30
Salary Escalation Rate	5.00	5.00
Expected rate of return on plan assets	7.55	7.55



Note No.32

Statement of utilisation of Initial Public Offering ('IPO') as on 31 March 2018

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

Amount in lakhs

Particulars	Proposed amount as per Prospectus	Proposed amount as per the Resolution passed through Postal Ballot on 02.01.2018	Amount utilized as on 31.03.2018
Investment in Technology Upgradation and office infrastructure for expansion of E-Governance business	390.00	194.02	194.02
Setting up AADHAAR Enrolment centre at all our existing Branches	264.00	0.87	0.87
Enhancement of our Company's brand through advertising and other brand-building activities	250.00	1.00	1.00
Working Capital Requirement	200.00	887.04	887.04
Offer Expenses	220.00	241.07	241.07
General Corporate Purposes	175.40	175.40	175.40
Total	1499.40	1499.40	1499.40

Note No.33

1. Business Segment:

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

Particulars	Stock Broking & Dp Operations	E-Governance Operations	Grand Total
A. Segment Revenue			
External Segment	33,81,42,521.36	32,32,43,235.73	66,13,85,757.09
Internal Segment	—	—	—
Total Revenue	33,81,42,521.36	32,32,43,235.73	66,13,85,757.09
B. Segment Results Profit/Loss	9,29,22,003.15	7,66,11,882.87	16,95,33,886.02
Less: Depreciation			89,55,594.08
Less: Income Taxes (Current, Deferred Tax)			4,76,88,064.17
Add: Share of Associate			15,24,843.12
Less: Minority Interest			7,42,168.14
Profit/(Loss) After Tax			11,36,72,902.76
C. Segment Assets	1,14,33,77,856.50	26,79,67,538.99	1,41,13,45,395.49
D. Segment Liabilities	39,32,20,832.80	20,18,23,356.59	59,50,44,189.39
E. Capital Expenditure	92,96,043.74	38,21,654.52	1,31,17,698.26
F. Depreciation	77,37,276.31	12,18,317.77	89,55,594.08



Note No.34

Corporate Social Responsibility

- a) Gross Amount required to be spent by the Company during the year Rs.15,11,017.00
- b) Total Amount spent during the year is Rs.15,11,017.00 as detailed below:

Particulars	Amount (Rs.)
Amount Contributed to Sweekaram Education Society of Greater Visakhapatnam Municipal Corporation, Visakhapatnam.	5,00,000.00
Amount Contributed to Prime Minister National Relief Fund	6,11,017.00
Amount Contributed to Lebenshilfe, Visakhapatnam.	2,00,000.00
Amount Contributed to The Akshaya Patra Foundation, Visakhapatnam.	2,00,000.00
Total	15,11,017.00

Note No.35

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

Name of the Subsidiary	Country of Incorporation	Proportion of ownership as at 31st March (%)				
		2018	2017	2016	2015	2014
Steel City Commodities Private Ltd.	India	83.65	83.65	74.91	71.99	69.07

Note No.36

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

(Rs. In lakhs)

Name of the Entity	Apr' 17 to March '18			
	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	86.27%	6844.05	97.46%	1107.86
B. Subsidiary				
Steel City Commodities Private Limited	17.28%	1370.99	3.32%	37.77
Total (A + B)	103.55%	8215.04	100.78%	1145.63
Less : CFS adjustments and eliminations	3.55%	281.37	0.78%	8.90
Total	100.00%	7933.67	100.00%	1136.73



Note No.37

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

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

For **STEEL CITY SECURITIES LIMITED**

CHANDRA SEKHAR AKULA
Partner
Membership No.206704

K SATYANARAYANA
EXECUTIVE CHAIRMAN

SATISH KUMAR ARYA
MANAGING DIRECTOR

G S R PRASAD
DIRECTOR

PLACE: VISAKHAPATNAM
DATE : 29.05.2018

N RAMU
CHIEF FINANCIAL OFFICER

M SRIVIDYA
COMPANY SECRETARY



PROXY FORM

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

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

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

as my/ our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on the Saturday 1st September of 2018 at 11.30 a.m at Hotel Diamond’s Pearl, Door No. : 47-7-16(2), Near Diamond Park, Sankaramatam Road, Dwarakanagar, 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 Statement of Profit & Loss, Balance Sheet, report of Director; s and Auditor; s for the Financial year ended 31 st March, 2018		
2.	To confirm the 1 st and 2 nd Interim Dividend and to declare final Dividend for the Financial Year 2017-18		
3.	To re- appoint Smt. G. V. Vandana, who retires by rotation		
4.	Appointment of M/s. SARC & Associates, Chartered Accountants as Statutory Auditors of the Company & fixing the remuneration		
5.	Regularization of Sri. T. V. Srikanth Additional Director		
6.	Appointment of Sri T.V. Srikanth as Whole Time Director of the Company designated as Director (IT)		

* Applicable for investors holding shares in Electronic form.

Signed this _____ day of _____, 2018

Affix
Revenue
Stamp

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 Fourth(24th) Annual General Meeting on the Saturday 1st September of 2018 at 11.30 a.m at Hotel Diamond's Pearl, Door No. : 47-7-16(2), Near Diamond Park, Sankaramatam Road, Dwarakanagar, Visakhapatnam-530016, Andhra Pradesh

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

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

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

I hereby record my presence at the 24th Annual General Meeting of the Steel City Securities Limited at Hotel Diamond's Pearl, Door No. : 47-7-16(2), Near Diamond Park, Sankaramatam Road, Dwarakanagar, Visakhapatnam-530016, Andhra Pradesh, India on the 1st September, 2018 at 11.30 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.



Working floor e-Governance

24th Annual Report 2017-18

To

If undelivered, Please return to :



STEEL CITY SECURITIES LIMITED

ISO 9001 : 2015 CERTIFIED COMPANY

CIN No. : L67120AP1995PLC019521

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

E-mail : scsl@steelcitynettrade.com

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