

ANNUAL REPORT 2015-16



"Leadership Through Excellence in Technology, Quality & Exports"



PERFORMANCE AT A GLANCE

Particulars	(₹ in Lacs)				
	2015-16	2014-15	2013-14	2012-13	2011-12
Gross Sales	391678	404353	364114	362129	291375
PBIDT	17566	18662	17867	16877	15437
PBDT	5285	6368	6373	5621	5159
PBT	3829	4840	4316	3705	3406
PAT	2814	3015	3046	2889	2873
Cash Accruals	4107	4246	4750	4594	4234
EPS (₹)	5.73	6.20	6.27	5.92	5.88
Cash EPS (₹)	9.23	9.54	10.67	10.32	9.52
Net Worth*	41622	39015	36434	33750	31076
Total Borrowings	23292	27701	30867	29308	29014
Debt Equity Ratio	0.71	0.91	1.11	1.17	1.30
Book Value per Share (₹)	81.17	75.31	69.51	63.48	57.47
Gross Block**	48233	46919	46217	46596	45167
Net Block	21122	21238	20385	22251	22730

* including Deferred Tax Liability and Preference Share Capital

** including Capital Work in Progress

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Mr. Santosh Shahra,
Executive Chairman
2. Mr. Nagalingam Goli,
Managing Director
(appointed w.e.f. 01.04.2016)
3. Mr. P. Srikrishna, Managing Director
(resigned w.e.f. 31.03.2016)
4. Mr. Navin Khandelwal, Director
5. Mr. Rajesh Nema, Director
6. Mrs. Neha Singhania, Director
7. Mr. Munish Mohan, Director
(appointed w.e.f. 05.08.2015)

CHIEF FINANCIAL OFFICER

Mr. Mahesh Jain

COMPANY SECRETARY

Mr. Pankaj Gupta

STATUTORY AUDITORS

Gupta Saharia & Co.
Chartered Accountants, Mumbai

COST AUDITORS

M. Goyal & Co.
Cost Accountants, Jaipur

BANKERS

1. IDBI Bank Ltd.
2. State Bank of India
3. State Bank of Travancore
4. Bank of Maharashtra
5. United Bank of India
6. Andhra Bank
7. Oriental Bank of Commerce
8. State Bank of Patiala
9. Central Bank of India
10. Punjab National Bank
11. Bank of India

SECRETARIAL AUDITOR

Mr. Ashish Garg
Company Secretary in Practice, Indore

STOCK EXCHANGES WHERE THE COMPANY'S EQUITY SHARES ARE LISTED

BSE Limited
National Stock Exchange of India Limited

REGISTRAR & SHARE TRANSFER AGENT

Sarthak Global Limited
170/10, R.N.T. Marg, Film Colony,
Indore - 452 001 (M.P.)
Phone : (0731) - 2523545, 2526388
Fax : (0731) - 2526388
E-mail : sgl@sarthakglobal.com

ADMINISTRATIVE OFFICE

401, Mahakosh House,
7/5 South Tukoganj,
Nath Mandir Road,
Indore - 452 001 (M.P.)
Phone : (0731) - 4017409-10
Fax : (0731) - 2516714
E-mail : nsail_indore@nsail.com

REGISTERED OFFICE

621, Tulsiani Chambers
Nariman Point,
Mumbai - 400 021 (MH.)
Phone : (022) 22025098, 22886267
Fax : (022) 22025084
E-mail : nsail_mumbai@nsail.com

WORKS

Village - Sejawaya
Tehsil - Dhar
District - Dhar (M.P.)

WEBSITE

www.nsail.com

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BOARD'S REPORT

Dear Members,

Your Directors have pleasure to present Thirtieth Annual Report on the business and operations of the Company along with the Audited Statement of Accounts for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS**(₹ in Lacs)**

PARTICULARS	Year ended 31.03.2016	Year ended 31.03.2015
Revenue from Operations	3,89,353	4,03,991
Earning Before Interest, Tax, Depreciation and Amortisation (EBITDA)	17,566	18,662
Finance Cost	12,281	12,294
Depreciation	1,456	1,528
Profit Before Tax (PBT)	3,829	4,840
Provision for :-		
Income Tax/Adjusted for earlier years (Net)	957	1,875
Deferred Tax	58	(50)
Profit / (Loss) After Tax (PAT)	2,814	3,015

FINANCIAL PERFORMANCE

During the year under review your Company's top line performance is lower than previous financial year. Your Company's Revenue from Operations is ₹ 3,89,353 Lacs as against ₹ 4,03,991 Lacs for the corresponding previous year.

Your Company's export turnover is ₹ 56,832 Lacs as compared to ₹ 64,145 Lacs for the corresponding previous year.

The EBITDA for the year is ₹ 17,566 Lacs as compared to ₹ 18,662 Lacs in the corresponding previous year. The Profit Before Tax is ₹ 3,829 Lacs (₹ 4,840 Lacs in F.Y 2014-15) and Profit After tax is ₹ 2,814 Lacs (₹ 3,015 Lacs in F.Y 2014-15).

Major reasons for lower performance includes global economic slowdown, slowdown in the domestic manufacturing and infrastructure sector and excess supply in Indian steel industry leading to lower demand and sales realization.

Your Directors are confident to improve the performance in the current Financial Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis, forming part of this report as required under Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {hereinafter referred as SEBI (LODR) Regulations, 2015}, is attached separately to this Annual Report.

DIVIDEND

The Board of Directors (the Board) has recommended dividend @ 4% on 55,01,022 Redeemable Cumulative Preference Shares for the Financial Year 2015-16.

Keeping in mind the need to conserve resources, your Board did not recommend any dividend on Equity Shares for the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, the Board has appointed Mr. Munish Mohan as Nominee Director of IDBI Bank Limited with effect from (w.e.f.) 5th August, 2015.

The Board has appointed Mr. Nagalingam Goli as Chief Executive officer of the Company w.e.f. 31st August, 2015 and Mr. Ashok Sharma as Chief Financial Officer w.e.f. 1st September, 2015.

Mr. P. Srikrishna, Managing Director of the Company resigned w.e.f. close of working hours on 31st March, 2016. Subsequent to this, Mr. Nagalingam Goli was appointed as an Additional Director of the Company w.e.f. 1st April, 2016 and also appointed Mr. Nagalingam Goli as Managing Director of the Company w.e.f. 1st April, 2016 subject to the approval of the Equity Shareholders of the Company. Consequent to his appointment as Managing Director, Mr. Goli ceased to be Chief Executive officer of the Company.

The Equity Shareholders of the Company have approved the appointment of Mr. Nagalingam Goli as Director and also as Managing Director of the Company through Postal Ballot on 19th May, 2016.

The Board has extended its deepest gratitude to Mr. P. Srikrishna for his long association, dedication, commitment and outstanding contribution for the growth of the Company.

Mr. Anil Nawal and Mr. Ashok Sharma have resigned from the position of Chief Financial Officer w.e.f. 31st August, 2015 and 1st February, 2016, respectively. Subsequently, the Board has appointed Mr. Mahesh Jain as Chief Financial Officer w.e.f. 12th February, 2016.

The Board has placed on record its appreciation for the contributions made by Mr. Anil Nawal and Mr. Ashok Sharma during their tenure.

Further, Mr. Santosh Shahra will attain the age of 70 years on 16th December, 2016 and hence pursuant to the provisions of Section 196(3) of the Companies Act, 2013 continuation of his employment requires the approval of Equity Shareholders by way of a special resolution. Keeping the same in mind, the Board has approved appointment of Mr. Santosh Shahra as Whole-time Director (designated as Executive Chairman) of the Company for a period of three years, w.e.f. 17th December, 2016 subject to the approval of the Equity Shareholders of the Company by Special Resolution in the ensuing Annual General Meeting.

Independent Directors have given declaration that they meet the criteria of independence as provided in subsection (6) of Section 149 of the Companies Act, 2013.

RETIRE BY ROTATION

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Santosh Shahra, Whole-Time Director of the Company, retires by rotation and being eligible, offers himself for reappointment.

BOARD EVALUATION

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, its Committees and the Directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

AUDIT COMMITTEE

The Audit Committee comprises three Directors namely, Mr. Navin Khandelwal, Mr. Rajesh Nema and Mr. Nagalingam Goli. Mr. Navin Khandelwal, Independent Director is Chairman of the Audit Committee.

The composition of the Audit Committee meets the requirements of the provisions of Section 177 of the Companies Act, 2013 and of Regulation 18 of the SEBI (LODR) Regulations, 2015.

There are no recommendations of the Audit Committee which have not been accepted by the Board during the period under review.

NOMINATION AND REMUNERATION POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Nomination and Remuneration Policy is available at the Company's website.

BOARD MEETINGS

During the year under review 5 (Five) Board Meetings were held on 28th May 2015, 5th August 2015, 3rd November 2015, 5th February 2016 and 30th March 2016. The details are given in the Corporate Governance Report. The gap between two meetings did not exceed one hundred and twenty days as provided under the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134 of the Companies Act, 2013, your Directors confirm that:

- a) in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- b) the accounting policies had been selected and applied consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the Financial Year ended 31st March, 2016 and of the profit of the Company for that period;
- c) proper and sufficient care had been taken 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;
- d) the annual accounts had been prepared on a going concern basis;
- e) internal financial controls, to be followed by the Company, had been laid down and these controls are adequate and were operating effectively; and
- f) proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

RELATED PARTY TRANSACTIONS

The transactions entered into with all the related parties during the financial year were on arm's length basis and in the ordinary course of business.

All Related Party Transactions were placed before the Audit Committee and also the Board, pursuant to applicable provisions of SEBI (LODR) Regulations, 2015 & Companies Act, 2013. Prior omnibus approval of the Audit Committee was obtained for the transactions which were repetitive in nature. The transactions entered into pursuant to the omnibus approval so granted were audited and a statement giving details of all related party transactions is placed before the Audit Committee and also the Board of Directors. The policy on Related Party Transactions as approved by the Board, is available at the Company's website.

Details of Related Party Transactions are given in "Annexure-A."

RISK MANAGEMENT

The Board has constituted a Risk Management Committee to assess risks in the operations of business of the Company, to mitigate and minimize risks assessed, periodic monitoring of risks and other matters to be delegated to the Committee by the Board from time to time.

Following are the members of the Committee :

1. Mr. Santosh Shahra : Chairman
2. Mr. Nagalingam Goli : Member

CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under "Corporate Social Responsibility" (CSR), the Company has during the year under review undertaken projects mainly in the area of Health of the people. The project is largely in accordance with Schedule VII to the Companies Act, 2013 and the Company's CSR Policy. The Report on CSR Activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as "Annexure-B" forming part of this report.

AUDITORS**(a) Statutory Auditors :**

The Equity Shareholders of the Company in their Twenty Eighth Annual General Meeting held on 6th September, 2014 had accorded their approval pursuant to the provisions of Sections 139 and other applicable provisions of Companies Act, 2013 and Rules made there under to appoint Gupta Saharia & Co., Chartered Accountants (FRN No. 103446W), as the Statutory Auditor of the Company for the period of five years commencing from the conclusion of Twenty Eighth Annual General Meeting until the conclusion of Thirty Third Annual General Meeting.

The Board of Directors of the Company has, pursuant to the provisions of Section 139, recommended the ratification of appointment of Gupta Saharia & Co., Chartered Accountants (FRN No. 103446W), for the approval of the Equity Shareholders from the conclusion of Thirtieth Annual General Meeting till the conclusion of Thirty First Annual General Meeting.

The Auditors' Report to the Members for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

(b) Cost Auditors :

Pursuant to provisions of Section 148 and other applicable provisions of the Companies Act 2013, the Board of your Company has re-appointed M. Goyal & Co., Cost Accountants (FRN No. 000051) as the Cost Auditor of the Company for the financial year 2016-17. The said Auditors have confirmed that their appointment, if made, shall be within the limits as prescribed under Section 141(3) of the Companies Act, 2013. The Cost Audit Report with Annexure shall be submitted along with full information and explanation on every reservation or qualification contained therein, if any, to the Central Government within stipulated time period.

The Cost Audit Report for the financial year ended 31st March, 2015 was filed with the Central Government (Ministry of Corporate Affairs) vide SRN S42953240.

(c) Secretarial Auditor :

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed Mr. Ashish Garg, Company Secretary in Practice (FCS 5181/CP 4423) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure-C". The Secretarial Audit Report does not contain any qualification, reservation or adverse remark or disclaimer.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure-D".

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9 is annexed as "Annexure-E".

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements and are within the limits.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has adopted 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 accounting records, and the timely preparation of financial disclosures.

The Company has an Internal Control System commensurate with the size, scale and complexity of its operations. These are routinely tested and certified by Statutory as well as Internal Auditor. Significant audit observations and corrective action are reported to the Audit Committee.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has formulated a mechanism called "Vigil Mechanism/Whistle Blower Policy" for directors and employees to report to the management instances of unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and provided a framework to protect employees wishing to raise a concern about serious irregularities within the Company.

The policy permits all the directors and employees to report their concerns to the Competent Authority, Managing Director of the Company and if the Whistle Blower believes that there is a conflict of interest between the Competent Authority and the Whistle Blower, he/she may send his/her protected disclosure directly to the Chairman of the Audit Committee.

The policy with the name and address of the Competent Authority, Managing Director of the Company and Chairman of the Audit Committee has been communicated to the employees by uploading the same on the website of the Company.

DEPOSITS

Your Company did not accept any deposit from the Public during the year under review.

INSURANCE

Your Company's Fixed Assets have been adequately insured.

CORPORATE GOVERNANCE

Your Company has been particular in implementing and complying with the norms of Corporate Governance and complying all the mandatory requirements as specified in Clause 49 of the Listing Agreement for the period from 1st April, 2015 to 30th November, 2015 and in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the SEBI (LODR) Regulations, 2015 for the period from 1st December, 2015 to 31st March, 2016. A detailed report on Corporate Governance along with Certificate from Statutory Auditors confirming the compliance of the conditions of Corporate Governance is attached separately to this Annual Report.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in "Annexure-F," forming part of this report.

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Directors state that during the year under review, there was no complaint filed/pending pursuant to the provisions of "Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013".

MATERIAL CHANGES AND COMMITMENTS

There is no material change and commitment has occurred, affecting the financial position of the Company, between the end of the financial year of the Company i.e. 31st March, 2016 and the date of this report.

SIGNIFICANT AND MATERIAL ORDERS

The Securities and Exchange Board of India (SEBI) has issued an ex-parte ad-interim order on 24th May, 2016 against the Company and restrained the Company from buying, selling or dealing in the securities market, either directly or indirectly, in any manner whatsoever, till further directions and given the Company time of 21 days from the date of the Order to file its objections, if any, or request for personal hearing before SEBI. The Company shall file detailed reply to SEBI and take necessary action in the matter shortly.

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to express their deep sense of gratitude to the Central, State Government and Local Authorities, Financial Institutions, Banks, Customers, Dealers, Vendors and all the stakeholders for their continued cooperation and support to your Company.

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the successful operations of the Company.

The Board specially thank to the shareholders for their continued confidence and faith in the Company.

For and on behalf of the Board of Directors

Place : Indore
Date : 27th May, 2016

Santosh Shahra
Executive Chairman

Annexure – A to Board's Report

FORM AOC-2

[Pursuant to clause (h) of sub – section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

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 transactions under third proviso.

- Details of contracts or arrangements or transactions not at arm's length basis
There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2016, which were not at arm's length basis.
- Details of material contracts or arrangements or transactions at arm's length basis.

Name of Related Party	Nature of Relationship	Nature of Contract	Duration of Contract	Salient Terms	Value of Transactions (Amount in ₹)	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1. Santosh Shahra HUF	Executive Chairman is Karta of HUF	Office Rent	On-going	On the basis of Rent Agreement	13,95,320	N.A.	N.A.
2. Ushadevi Shahra	Wife of Executive Chairman	Office, Bungalow & Godown Rent	On-going	=Do=	1,02,52,320	N.A.	N.A.
3. Vishesh Shahra	Son of Executive Chairman	Office Rent	On-going	=Do=	37,96,820	N.A.	N.A.
4. Shreeyam Power and Steel Industries Limited	Executive Chairman is Director in the Company	Purchase of Goods	On-going	Transaction on arm's length basis	6,45,227	N.A.	N.A.
5. Shahra Brothers Private Limited	Executive Chairman is a Director	Lift Rent	On-going	=Do=	2,31,000	N.A.	N.A.
6. Shri Mahadeo Shahra Sukrat Trust	Executive Chairman is one of the Trustee	Sale of Goods	On-going	=Do=	4,69,209	N.A.	N.A.
7. Samidha Foods Private Limited	Relatives of Executive Chairman are Directors in the Company	Sale and Purchase of Goods	On-going	=Do=	12,27,66,677	N.A.	N.A.

Annexure – B to Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

The CSR Policy was approved by the Board of Directors at its meeting held on 28th June, 2014 and modified time to time and has been uploaded on the Company's website www.nsail.com

The Company has proposed, during the year under review, to undertake activities relating to health of the people, education and welfare of the society.

Weblink : <http://www.nsail.com/Investor Zone/Policies/CSR Policy>

2. **Composition of CSR Committee:**

- (i) Mr. Santosh Shakra : Chairman; (Executive Chairman)
(ii) Mr. Nagalingam Goli : Member; (Managing Director)*
(iii) Mr. Rajesh Nema : Member; (Independent Director)

* Mr. P. Srikrishna has resigned w.e.f. 31st March, 2016. Mr. Nagalingam Goli has been appointed as a member of the Committee w.e.f. 1st April, 2016 in place of Mr. P. Srikrishna.

3. **Average Net Profit of the Company for last three financial years :**

Average Net Profit : ₹ 4,460.60 Lacs

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above) :**

The Company was required to spend during the year ₹ 89.21 Lacs towards CSR.

5. **Details of CSR spent for the financial year :**

(a) Total amount spent for the financial year: ₹ 88.63 Lacs

(b) Amount unspent, if any: ₹ 0.58 Lacs

(c) Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Project Activity Identified	Sector in which the Project is covered	Projects or Programs 1. Local area or other 2. Specify the State and District where projects or program was undertaken	Amount Outlay (Budget) Project or programs wise	Amount spent on the projects or programs Sub heads : 1. Direct expenditure on projects or program. 2. Overheads	Cumulative expenditure upto the reporting period.	Amount spent : Direct or through Implementing Agency
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1.	Himalayan Institute Hospital Trust	Health of people	Dehradun Uttarakhand	₹ 75,00,000/-	₹ 75,00,000/- Direct expenditure	₹ 75,00,000/-	Through Implementing Agency
2.	Shri Mahadeo Shahra Sukrat Trust	Education and Welfare of the Poor Children	Indore Madhya Pradesh	₹ 8,00,000/-	₹ 8,00,000/- Direct expenditure	₹ 83,00,000/-	Through Implementing Agency
3.	Medical Facilities at Various Mandis	Health of people	Indore and nearby areas, Madhya Pradesh	₹ 6,20,000/-	₹ 5,62,676/- Direct expenditure	₹ 88,62,676/-	Direct

- ◆ Implementing Agency : Himalayan Institute Hospital Trust, Dehradun, Uttarakhand and Shri Mahadeo Shahra Sukrat Trust, Indore, Madhya Pradesh.
- ◆ Reason for short fall in spending : The shortfall in the spend during the year is only ₹ 0.58 Lacs due to less spend in the Medical Facilities at Various Mandis.
- ◆ Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

Santosh Shakra
Chairman of the CSR Committee

Nagalingam Goli
Managing Director

Annexure – C to Board's Report

**Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

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

To,
The Members,
National Steel and Agro Industries Limited
(L27100MH1985PLC140379)
621, Tulsiani Chambers,
Nariman Point, Mumbai

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **National Steel and Agro Industries Limited** (hereinafter 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 my opinion thereon.

Based on my verification of the Company's 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 authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 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:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder (in so far as they are made applicable);
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder (in so far as they are made applicable);
- (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 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, in so far as they are made applicable from time to time.
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; which is not applicable to the Company during the Audit Period

- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; which is not applicable to the Company during the Audit Period
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; which is not applicable to the Company during the Audit Period.
- f) 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;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; which is not applicable to the Company during the Audit Period and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; which is not applicable to the Company during the Audit Period

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India, which made applicable from 1st July, 2015.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Limited and BSE Limited and the Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015; (in so far as they are made applicable from time to time).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

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 Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all the directors to schedule the Board meeting, 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.

All decisions at Board Meetings and Committee(s) Meetings are carried through unanimously as recorded in the meetings of the Board and Committee(s) of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that on the date of signing of this report, I have noticed an ex-parte ad-interim securities market prohibiting order against the Company passed by SEBI WTM on 24th May, 2016 which is open for objections to be raised by the Company.

Place : Indore
Date : 27th May, 2016

Ashish Garg
FCS No. : 5181
CP No. : 4423

**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

The steps taken or impact on conservation of energy:

The Company has an Energy Conservation Cell which constantly monitors all the energy conservation efforts and ensures implementation of its Energy Management Policy. Efforts are put in continuously to conserve energy.

The Company has taken below mentioned steps at its plant for conservation of energy during the year under review:

- Efforts were made to reduce Electrical Energy in our different lines by:
 - (i) Designing energy efficient Incinerator.
 - (ii) Modification of Colour Coating Line 1 wax filtration system and stopping water transfer pump.
 - (iii) Putting local water cooling system in place of centralised.
- Efforts were also made to reduce the consumption of Re-liquefied Natural Gas (RLNG) gas in our different process lines by multiple actions.

There was reduction in energy consumption on account of aforesaid steps taken by the Company.

During the year under review the Company saved:

- ₹ 1,77,89,018/- on account of efficient incinerator design.
- ₹ 1,33,25,784/- on account of reducing Factory power consumption through running at 100% speed, reduction of breakdowns and idle time.
- ₹ 19,29,159/- on account of reduction in consumption of RLNG; and
- ₹ 7,28,775/- on account of local water cooling system, wax filtration system and stopping water transfer pump.

The steps taken by the Company for utilising alternate sources of energy :

During the year the Company has not taken any step for utilising alternate sources of energy.

Capital investment on energy conservation equipments

(₹ in Lacs)

Particular	2015-16	2014-15
Capital Investment in Energy Conservation Equipment	---	25.82

B) TECHNOLOGY ABSORPTION**The efforts made towards technology absorption**

During the year under review the Company has not taken any steps towards technology absorption. However, the Company takes necessary steps towards technology absorption whenever it feels necessary.

The benefits derived like product improvement, cost reduction, product development or import substitution

The quality of the Company's products improved and also there was reduction in the cost of the Company's products, whenever the Company took steps towards technology absorption. There is a perennial effect of technology absorption in the quality of and on the cost of the Company's products.

Imported Technology

The Company has not imported any technology during the last three years.

The expenditure incurred on Research and Development

During the year under review the Company has not incurred any expenditure on Research and Development.

C) FOREIGN CURRENCY EARNINGS AND OUTGO

During the year under review, the Company has exported its product and earned foreign exchange of ₹ 56,832 Lacs (previous year ₹ 64,145 Lacs). The Company has imported certain Components, Spare Parts and Raw Materials. The details of these expenses are as below:

Particulars	(₹ in Lacs)	
	31.03.2016	31.03.2015
1. Raw Materials (CIF Value)	49,807.20	47,308.05
2. Capital Goods and Consumables	2,075.18	1,790.58
3. Traded Goods	63,893.84	66,837.22
4. Expenses towards Travelling, Commission and Others	272.77	575.85
5. Remittance towards Dividend	220.04	220.04

EXTRACT OF ANNUAL RETURN**As on financial year ended 31st March, 2016**

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

FORM NO. MGT- 9**I. REGISTRATION AND OTHER DETAILS**

- i) CIN : L27100MH1985PLC140379
- ii) Registration Date : 9th January, 1985
- iii) Name of the Company : National Steel and Agro Industries Limited.
- iv) Category / Sub-Category of the Company :
Company limited by shares/ Indian Non-Government Company
- v) Address of the Registered office and contact details :
621, Tulsiani Chambers, Nariman Point
Mumbai (Maharashtra) - 400021
Telephone No: 022-22025098
- vi) Whether listed company : Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any :
Sarthak Global Limited,
170/10, R.N.T. Marg, Film Colony, Indore - 452001 (M.P.),
Telephone: (0731)-2523545,2526388.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products	NIC Code of the Product	% to Total Turnover of the Company
1	Galvanised/ Coated Steel Coil/ Sheet & Other	27171	24.78%
2	Color Coated Coil/ Sheet	27171	19.79%
3	Agro Commodities	51211	43.92%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Not applicable

IV. SHAREHOLDING PATTERN (Equity Shares Capital Breakup as percentage of Total Equity)**(i) Category-wise Shareholding**

S. No.	Category of Shareholders	No. of Shares held at the beginning of the year i.e. on 1 st April, 2015				No. of Shares held at the end of the year on 31 st March, 2016				% Change during the year
		Demat Form	Physical Form	Total	% of Total Shares	Demat Form	Physical Form	Total	% of Total Shares	
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individuals/ HUF	4223878	1893139	6117017	13.75	6079167	37850	6117017	13.75	-
(b)	Central Govt./ State Govt.(s)	-	-	-	-	-	-	-	-	-
(c)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-
(i)	Bodies Corporate	148100	11474317	11622417	26.12	6409616	5212800	11622416	26.12	-
(ii)	Trust	-	123650	123650	0.28	-	123650	123650	0.28	-
	Sub - Total (A)(1)	4371978	13491106	17863084	40.14	12488783	5374300	17863083	40.14	-
(2)	Foreign									
(a)	NRI - Individuals/ Other - Individuals	1580000	975000	2555000	5.74	1905000	650000	2555000	5.74	-
(b)	Government	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
(i)	Bodies Corporate	-	1352000	1352000	3.04	-	1352000	1352000	3.04	-
	Sub - Total (A)(2)	1580000	2327000	3907000	8.78	1905000	2002000	3907000	8.78	-
	Total shareholding of Promoter & Promoters Group (A) = (A)(1) + (A)(2)	5951978	15818106	21770084	48.92	14393783	7376300	21770083	48.92	-
(B)	Statement showing shareholding pattern of Public Shareholder									
(1)	Institutions									
(a)	Mutual Funds	100	61200	61300	0.14	100	61200	61300	0.14	-
(b)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-	-	-	-	-	-	-	-	-
(d)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(e)	Foreign Portfolio Investor	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutions/ Banks	644098	400	644098	1.45	135100	400	135500	0.30	-1.14
(g)	Insurance Companies	-	-	-	-	-	-	-	-	-
(h)	Provident Funds/ Pension Funds	-	-	-	-	-	-	-	-	-
(i)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub - Total (B)(1)	644198	61600	705798	1.59	135200	61600	196800	0.44	-1.14
(2)	Central Govt./State Govt./President of India									
	Sub - Total (B)(2)	-	-	-	-	-	-	-	-	-
(3)	Non - Institutions									
(a(i))	Individuals - i) Individual share-holders holding nominal share capital upto Rs. 2 Lac	6764474	2642835	9407309	21.14	7122623	2596084	9718707	21.84	0.70
(a(ii))	Individuals - ii) Individual share-holders holding nominal share capital in excess of Rs. 2 Lac	3793774	-	3793774	8.52	4339850	-	4339850	9.75	1.23
(b)	NBFCs registered with RBI	-	-	-	-	-	-	-	-	-

S. No.	Category of Shareholders	No. of Shares held at the beginning of the year i.e. on 1 st April, 2015				No. of Shares held at the end of the year on 31 st March, 2016				% Change during the year
		Demat Form	Physical Form	Total	% of Total Shares	Demat Form	Physical Form	Total	% of Total Shares	
(c)	Employee Trusts	-	-	-	-	-	-	-	-	-
(d)	Overseas Depositories (holding DRs) (balancing figure)	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
(i)	Non Resident Indians	453452	101374	554826	1.25	456404	101174	557578	1.25	0.01
(ii)	Clearing Members	33863	-	33863	0.08	39477	-	39477	0.09	0.01
(iii)	H.U.F.	471474	-	471474	1.06	517836	-	517836	1.16	0.10
(iv)	Bodies Corporate	4604914	3157958	7762872	17.44	4201711	3157958	7359669	16.54	-0.91
	Sub - Total (B)(3)	16121951	5902167	22024118	49.49	16677901	5855216	22533117	50.64	1.14
	Total Public Shareholding(B) = (B)(1)+(B)(2) + (B)(3)	16766149	5963767	22729916	51.08	16813101	5916816	22729917	51.08	0.00
(C)	Statement showing Shareholding Pattern of the Non Promoter-Non Public Shareholder									
(1)	Custodian/ DR Holder- Name of DR Holders (If Available)	-	-	-	-	-	-	-	-	-
(2)	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	-	-	-	-	-	-	-	-	-
	TOTAL Non Promoter - Non Public Shareholding C = (C1+C2)	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A+B+C)	22718127	21781873	44500000	100	31206884	13293116	44500000	100	-

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change 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	Abhadevi Shahra	153039	0.34	-	153039	0.34	-	-
2	Aditi Shahra	302744	0.68	-	302744	0.68	-	-
3	Dinesh Shahra	104000	0.23	-	104000	0.23	-	-
4	Manish Shahra	8000	0.02	-	8000	0.02	-	-
5	Mraduladevi Shahra	25750	0.06	-	25750	0.06	-	-
6	Nitesh Shahra	8000	0.02	-	8000	0.02	-	-
7	Neetadevi Shahra	12000	0.03	-	12000	0.03	-	-
8	Navneet Zalani	200	0.00	-	200	0.00	-	-
9	Navneet D. Zalani (HUF)	300	0.00	-	300	0.00	-	-
10	Ruchi Mohan	133036	0.30	-	133036	0.30	-	-
11	Santosh Kumar Shahra	218400	0.49	-	218400	0.49	-	-
12	Santosh Kumar Shahra (HUF)	1517387	3.41	-	1517387	3.41	-	-
13	Bhavna Goel	2139568	4.81	-	4004568	9.00	-	4.19
14	Ushadevi Shahra	542550	1.22	-	542550	1.22	-	-
15	Savitridevi Shahra	32750	0.07	-	32750	0.07	-	-
16	Sandhya Khandelwal	12600	0.03	-	12600	0.03	-	-
17	Suresh Shahra (HUF)	10000	0.02	-	10000	0.02	-	-
18	Suresh Shahra	10000	0.02	-	10000	0.02	-	-
19	Umesh Shahra	17000	0.04	-	17000	0.04	-	-
20	Vishesh Shahra	909693	2.04	-	909693	2.04	-	-
21	Mahakosh Family Trust	3750	0.01	-	3750	0.01	-	-
22	Ankesh Trust	59900	0.13	-	59900	0.13	-	-
23	Nimesh Trust	60000	0.13	-	60000	0.13	-	-
24	APL International Private Limited	2957700	6.65	-	2957700	6.65	-	-
25	Mahakosh Holdings Private Limited	150000	0.34	-	150000	0.34	-	-
26	Anik Industries Limited	30000	0.07	-	30000	0.07	-	-
27	NSIL Infotech Limited	1035900	2.33	-	1035900	2.33	-	-
28	Ruchi Acroni Industries Limited	30600	0.07	-	30600	0.07	-	-

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change 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	
29	Nutrela Marketing Private Limited	1220000	2.74	-	1220000	2.74	-	-
30	Ruchi Infrastructure Limited	1371800	3.08	-	1371800	3.08	-	-
31	Ruchi Soya Industries Limited	883500	1.99	-	883500	1.99	-	-
32	Ruchi Power Corporation Limited	600000	1.35	-	600000	1.35	-	-
33	Shahra Brothers Private Limited	201667	0.45	-	201667	0.45	-	-
34	Sarthak Industries Limited	1200	0.00	-	1200	0.00	-	-
35	Sarthak Global Limited	167150	0.38	-	167150	0.38	-	-
36	Vishal Soyamool Private Limited	472800	1.06	-	472800	1.06	-	-
37	Ruchi Integrated Steels (India) Limited	500000	1.12	-	500000	1.12	-	-
38	NSIL Finance Limited	500000	1.12	-	500000	1.12	-	-
39	NSIL Power Limited	1000000	2.25	-	1000000	2.25	-	-
40	Divine Infracreation & Trading Private Limited	100	0.00	-	99	0.00	-	-
41	Morya Erectors Private Limited	500000	1.12	-	500000	1.12	-	-
42	Mathew Kurian	325000	0.73	-	325000	0.73	-	-
43	Sharon Marie Mathew	325000	0.73	-	325000	0.73	-	-
44	Anjula Thomas	650000	1.46	-	0	0.00	-	1.46
45	Easaw Thomas	1215000	2.73	-	0	0.00	-	2.73
46	Merdale Investment Company Limited	474160	1.07	-	474160	1.07	-	-
47	Millstone Investment Inc	877840	1.97	-	877840	1.97	-	-
	Total	21770084	48.92	-	21770083	48.92	-	-

(iii) Changes in Promoters' Shareholding

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Anjula Thomas				
	Opening Balance	650000	1.46	650000	1.46
	Sold 6,50,000 Equity Shares on 31 st March, 2016	-	-	-	-
	Closing Balance			-	-
2	Easaw Thomas				
	Opening Balance	1215000	2.73	1215000	2.73
	Sold 12,15,000 Equity Shares on 31 st March, 2016	-	-	-	-
	Closing Balance			-	-
3	Bhavna Goel				
	Opening Balance	2139568	4.81	2139568	4.81
	Purchased 18,65,000 Equity Shares on 31 st March, 2016	-	-	4004568	9.00
	Closing Balance			4004568	9.00
4	Divine Infraction & Trading Private Limited				
	Opening Balance	100	0.00	100	0.00
	Sold 1 Equity Share on 28 th January, 2016	-	-	99	0.00
	Closing Balance			99	0.00

There is no change in the shareholding of other Promoters mentioned in IV. (ii) above during the year.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of DRs & ADRs)

S. No.	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	SHUBHAMANGAL TRADERS PRIVATE LIMITED				
	Opening Balance	1547659	3.48	1547659	3.48
	Closing Balance			1547659	3.48
2	ABHIKARAN TRADING PRIVATE LIMITED				
	Opening Balance	1066200	2.40	1066200	2.40
	Closing Balance			1066200	2.40
3	YAKSHA INFRASTRUCTURE COMPANY PRIVATE LIMITED				
	Opening Balance	1066058	2.40	1066058	2.40
	Closing Balance			1066058	2.40
4	BHAGYASHREE INFRASTRUCTURE PRIVATE LIMITED				
	Opening Balance	1000000	2.25	1000000	2.25
	Closing Balance			1000000	2.25
5	SANGEETHA S				
	Opening Balance	715882	1.61	715882	1.61
	2,22,538 Equity Shares purchased during the year	-	-	938420	2.11
	Closing Balance			938420	2.11
6	RUCHI AGROTECH PRIVATE LIMITED				
	Opening Balance	568146	1.28	568146	1.28
	Closing Balance			568146	1.28
7	HARSHA HITESH JAVERI				
	Opening Balance	560000	1.26	560000	1.26
	Closing Balance			560000	1.26
8	HITESH RAMJI JAVERI				
	Opening Balance	340000	0.76	340000	0.76
	19,878 Equity Shares purchased during the year	-	-	359878	0.81
	Closing Balance	-	-	359878	0.81
9	VIKSIT ENGINEERING LIMITED				
	Opening Balance	275500	0.62	275500	0.62
	Closing Balance			275500	0.62
10	SAVITHA S				
	Opening Balance	194735	0.44	194735	0.44
	84,419 Equity Shares purchased during the year	-	-	279154	0.62
	Closing Balance	-	-	279154	0.62

The Company is listed and 70.13% shareholding is in dematerialized form. Hence, it is not feasible to track movement of shares on daily basis. The aforesaid holdings by top ten shareholders are due to market operations. Further, the Company has not issued/ allotted any bonus or sweat equity shares during the year under review.

(v) Shareholding of Directors and Key Managerial Personnel :

S. No.	Name of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mr. Santosh Shahra				
	Opening Balance	218400	0.49	218400	0.49
	Closing Balance			218400	0.49
2	Mr. P. Srikrishna (resigned from closing of working hours of 31.03.2016)				
	Opening Balance	-	-	-	-
	Closing Balance	-	-	-	-
3	Mr. Navin Khandelwal				
	Opening Balance	-	-	-	-
	Closing Balance	-	-	-	-
4	Mr. Rajesh Nema				
	Opening Balance	-	-	-	-
	Closing Balance	-	-	-	-
5	Mrs. Neha Singhania				
	Opening Balance	-	-	-	-
	Closing Balance	-	-	-	-
6	Mr. Nagalingam Goli (Chief Executive Officer) (appointed as Managing Director w.e.f. 01.04.2016 and consequently ceasing to be Chief Executive Officer)				
	Opening Balance	-	-	-	-
	1601 Equity Shares Purchased during the year			1601	0.00
	Closing Balance	-	-	1601	0.00
7	Mr. Mahesh Jain (Chief Financial Officer)				
	Opening Balance	-	-	-	-
	Closing Balance	-	-	-	-
8	Mr. Pankaj Gupta				
	Opening Balance	-	-	-	-
	10 Equity Shares Purchased during the year			10	0.00
	Closing Balance	-	-	10	0.00

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.
(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtednes
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	2,09,46,19,661	72,55,00,000	-	2,82,01,19,661
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,09,46,19,661	72,55,00,000	-	2,82,01,19,661
Changes in Indebtedness during the Financial Year				
Addition	21,31,70,442	-	-	21,31,70,442
Reduction	20,35,62,576	50,05,00,000	-	70,40,62,576
Net Change	96,07,866	(50,05,00,000)	-	(49,08,92,134)
Indebtedness at the end of the Financial Year				
i) Principal Amount	2,10,42,27,527	22,50,00,000	-	2,32,92,27,527
ii) Interest due but not paid	-	-	-	-
iii) interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,10,42,27,527	22,50,00,000	-	2,32,92,27,527

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

S.No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (in ₹)
		Mr. Santosh Shahra*	Mr. P. Srikrishna	
1	Gross Salary			
	(a) Salary as per provisions contained u/s 17(1) of the Income Tax Act,1961	1,37,00,000	70,40,000	2,07,40,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act,1961	1,06,65,924	8,44,800	1,15,10,724
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act,1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- Others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	2,43,65,924	78,84,800	3,22,50,724
	Ceiling as per the Act			195.30 Lacs

* Remuneration paid to Mr. Santosh Shahra is for the period of 10 months of the Financial Year 2015-16 i.e. 1st April, 2015 to 31st January, 2016 as shown above, includes excess payment of ₹ 146.01 Lacs over and above the permissible limits as prescribed under Section 197 of the Companies Act, 2013. The Company proposes to apply to the Central Government for the necessary approval and also to obtain approval of the members in the ensuing Annual General Meeting.

B. Remuneration to other Directors :

S.No.	Particulars of Remuneration	Name of Directors				Total Amount (in ₹)
		Mr. Navin Khandelwal	Mr. Rajesh Nema	Mrs. Neha Singhania	Mr. Munish Mohan (appointed w.e.f. 05.08.2015) *	
1	Independent Directors					
	- Fee for attending board /committee meetings	86,000	86,000	30,000	-	2,02,000
	- Commission	-	-	-	-	-
	- Others, please specify	-	-	-	-	-
	Total (1)	86,000	86,000	30,000	-	2,02,000
2	Other Non-Executive Directors					
	- Fee for attending board/ Commission meetings	-	-	-	20,000	20,000
	- Others, please specify	-	-	-	-	-
	Total(2)	-	-	-	20,000	20,000
	Total(B)=(1+2)	86,000	86,000	30,000	20,000	2,22,000

* Sitting Fee Cheque had been issued in favour of IDBI Bank Limited.

The Company pays sitting fee to Independent Directors for attending Board & Audit Committee Meeting. Therefore, overall ceiling as per the Act does not applicable.

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

S.No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount (in ₹)
		CEO*	CFO**	Company Secretary***	
1	Gross Salary				
	(a) Salary as per provisions contained u/s 17(1) of the Income Tax Act, 1961	29,25,867	29,31,086	9,54,660	68,11,613
	(b) Value of perquisites u/s 17(2) of the Income Tax Act,1961	-	2,76,190	-	2,76,190
	(c) Profits in lieu of salary u/s 17(3) of the Income Tax Act,1961	22,71,230	22,06,469	14,02,673	58,80,372
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- Others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	51,97,097	54,13,745	23,57,333	1,29,68,175

- * Salary of Mr. Nagalingam Goli, CEO, from 31st August, 2015 to 31st March, 2016.
- ** Salary of Mr. Anil Nawal from 1st April, 2015 to 31st August, 2015, Salary of Mr. Ashok Sharma from 1st September, 2015 to 31st January, 2016 and Salary of Mr. Mahesh Jain from 12th February, 2016 to 31st March, 2016.
- *** Salary of Mr. Pankaj Gupta, Company Secretary, from 28th May, 2015 to 31st March, 2016.

(vii) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :

Type	Section of the Companies Act	Brief Description	Details of Penalties/ punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made if any (gives details)
A. Company					
- Penalty					
- Punishment					
- Compounding					
B. Directors					
- Penalty					
- Punishment					
- Compounding					
C. Other Officers in default					
- Penalty					
- Punishment					
- Compounding					

N A

Annexure – F to Board's Report

PARTICULARS OF EMPLOYEES**(A) Particulars of Employees as per [Rule-5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year.

S. No.	Name of Director	Ratio of remuneration of each Director/to median remuneration of employees
1	Mr. Santosh Shahra	84.72: 1
2	Mr. P. Srikrishna	27.42: 1
3	Mr. Navin Khandelwal	0.30: 1
4	Mr. Rajesh Nema	0.30: 1
5	Mrs. Neha Singhania	0.10: 1

- (ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

S. No.	Name of Director	2015-16 (Amount in ₹)	2014-15 (Amount in ₹)	% increase in remuneration	Performance of the Company
1	Mr. Santosh Shahra, Executive Chairman	2,43,65,924	2,76,00,984	-	Please refer point no. (v) for the performance of the Company
2	Mr. P. Srikrishna, Managing Director	78,84,800	98,81,600	-	
3	Mr. Navin Khandelwal, Independent Director	86,000	1,00,000	-	
4	Mr. Rajesh Nema, Independent Director	86,000	81,000	6.17	
5	Mrs. Neha Singhania, Independent Director	30,000	30,000	-	
6	Mr. Nagalingam Goli, CEO*	51,97,097	-	-	Please refer point no. (v) for the performance of the Company
7	Mr. Mahesh Jain, CFO**	5,47,862	-	-	
8	Mr. Ashok Sharma, CFO***	23,51,340	-	-	
9	Mr. Anil Nawal, CFO \$	25,14,543	53,17,448	Not Applicable	
10	Mr. Pankaj Gupta, Company Secretary \$\$	23,57,333	-	-	
11	Mr. Bharat Singh, Company Secretary \$\$\$	-	19,79,800	-	

- * Mr. Nagalingam Goli was appointed w.e.f. 31st August, 2015.
- ** Mr. Mahesh Jain was appointed w.e.f. 12th February, 2016.
- *** Mr. Ashok Sharma appointed w.e.f. 1st September, 2015 and resigned w.e.f. 31st January, 2016.
- \$ Mr. Anil Nawal resigned w.e.f. 31st August, 2015.
- \$\$ Mr. Pankaj Gupta was appointed w.e.f. 28th May, 2015.
- \$\$\$ Mr. Bharat Singh was resigned w.e.f. 30th April, 2015.

(iii) The percentage increase in the median remuneration of employees in the financial year:

Median Remuneration (2015-2016) (Amount in ₹)	Median Remuneration (2014-2015) (Amount in ₹)	Increase in the Median Remuneration
2,87,604	2,49,285	15.37%

- (iv) The number of permanent employees on the rolls of the Company : 661 Employees.
- (v) The explanation on the relationship between increase in remuneration and the Company performance.

The salary of the employees has been increased during the year under review on the basis of the performance of the Company as well as employees' individual performance.

The performance of the Company is as under:

(₹ in Lacs)

Particulars	2015-16	2014-2015	2013-2014
Total Revenue	3,77,355.95	3,88,749.70	3,49,945.76
Profit Before Tax	3,828.51	4,839.70	4,316.01
Profit After Tax	2,814.29	3,015.03	3,046.41

- (vi) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year.

Particulars	2015-16	2014-15
Market capitalisation (in ₹)	55,62,50,000	63,19,00,000
Price Earning Ratio	2.18	2.29

Last IPO was for 28,00,000 Equity Shares @ Rs 10 each at par in the financial year 1986-87 and the closing market price of the Equity Shares at BSE on 31st March, 2016 was ₹ 12.50 per Equity Share.

- (vii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

% increase in Average salary of employees other than KMPs for Financial Year 2015-16 is 10.45%.

There is no increase in the salary of KMPs for Financial Year 2015-16.

The increment, in the salary of employees other than KMPs, was on the basis of the performance of the Company mentioned in point no. (v) above as well as employees' individual performance.

- (viii) The key parameters for any variable component of remuneration availed by the Directors:
During the year under review, the Company has not paid any variable component of remuneration to its Directors.
- (ix) 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: N.A.
- (x) Affirmation that the remuneration is as per the remuneration policy of the Company.
It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, KMP and other Employees.

(B) STATEMENT OF PARTICULARS OF EMPLOYEES PURSUANT TO PROVISIONS OF SECTION 197(1) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

S. No.	Name of the Employee	Designation	Remuneration Received (₹)	Nature of employment	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment held before joining the Company	% of Equity Shares held by the employee of the Company within meaning of Clause (iii) of sub rule (2) of Company (Appointment & Remuneration of Managerial Personnel) Rules, 2014	whether such employee is a relative of any Director or manager of Company
1	Mr. Santosh Shahra	Executive Chairman	2,43,65,924	Contractual	Mechanical Engineer, MS (USA) and rich and vast hands-on experience of around five decades.	03-03-1986	69 Years	Director, Ruchi Private Limited	-	-
2	Mr. P. Srikrishna	Managing Director	78,84,800	Contractual	M. Tech and rich and vast hands-on experience of more than four decades.	04-09-1987	65 Years	Dy. Manager, Steel Authority of India Limited	-	-

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 (2) (e) of the Securities and Exchange Board of India (LODR) Regulations, 2015, your Board report as follows:

a) Steel Industry Structure and Developments

In 2015, India achieved the distinction of being the third largest crude steel producer globally with an output of 89.37 million tonnes. India witnessed a growth rate of 3.32% in crude steel production in 2015. Apart from India, amongst top 10 producers, none of the producer showed an increase in production. In 2015, India moved into third position from fourth position overtaking USA.

While Indian crude steel production increased, the World crude steel production declined by 2.8% in 2015.

b) Opportunities and Threats

There is good opportunity for Indian Steel Industries in future considering the following:

- (i) In the financial year 2015-16, consumption of total finished steel in India was 80.45 million tonnes, an increase of 4.5 per cent as compared to financial year 2014-15. It is further expected to improve with good investment in the Country.
- (ii) In the financial year 2015-16, per capita steel consumption in India stood at 61.9 kg, an increase of 1.8 per cent in comparison to financial year 2014-15. Whereas, World's average per capita steel consumption is over 200 kg. So, there is a lot of scope for the Company in future.
- (iii) Construction and infrastructure sector in India accounts for about 55% of the total steel demand which is expected to contribute for the good demand of Steel in the coming years.
- (iv) The Government's idea of 100 smart cities, high speed trains, renewable energy and other key reforms will improve the demand of Steel.
- (v) Indian Meteorological Department's (IMD) positive forecast of monsoon during current financial year will increase rural income and consumption of steel as compared to financial year 2015-16.
- (vi) GDP growth rate for the financial year 2015-16 has been 7.6% and expected growth rate for the financial year 2016-17 is 7.7%-8.0% with good monsoon, investments and better policies from the Government.
- (vii) Market expects revival in steel demand and foresees a double digit growth in the coming years.

Indian steel industry is genuinely seized with the threat of rising imports. However, Steel Ministry in consultation with Commerce Ministry is putting certain restrictions on importation of Steel. This will help in protecting domestic market for the Indian industries; however Chinese threat will continue to bother Indian industries, especially in coated segment markets like Middle East, Africa and South America, where main competition is between Indian and Chinese Mills.

c) Outlook

India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 million tonnes by 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile, railways, defense, etc.

d) Risks and Concerns

The year 2015 was marked by deflation of commodity prices globally bringing down steel prices. In the Indian context, the drop was steeper than that of other raw materials, leading to severe pressure on operating margins of steel plants.

Besides, weak demand in major steel producing countries such as China, Japan and South Korea led them to focus on exports at aggressive prices, including on India, adversely impacting the domestic industry. It led to prices of some products hit a ten-year low in Indian market.

e) Agro-trading Business

The Company is also engaged in the Agri business mainly in trading of pulses. The Company imports Peas (Yellow & Green), Lentils, Chickpeas (Desi & Kabuli) and small quantities of Tur, Urad & Moong from various countries and sell it in domestic market in India. Apart from the above, the Company also purchase and sell Soya bean and other lentils in domestic market. With its professional & niche market knowledge, today, the Company commands major market share of business in India. Pulses, an integral part of many diets across the globe and have great potential to improve human health, conserve soils, protect the environment and contribute to global food security. The United Nations, declared 2016 as "International Year of Pulses" (IYP) to heighten public awareness of the nutritional benefits of pulses as part of sustainable food production aimed at food security and nutrition.

India is the largest producer, consumer and importer of the pulses in the World. The Population of India is 1.32 billion and growing at a rate of 1.2 percent annually. Pulses are the most popular & readily available protein foods in Indian diet. The current production of Pulses is around 18 million tonnes and total supply of 22-23 million tonnes including 4-5 million tonnes of imports.

Agri commodities trading is a cyclical business with every commodity having its own cyclical patterns. Weather during the growing cycle, price of the commodity before sowing, cost of production and price of other peer crops are deciding factors for this cyclical movement.

As a trader, the Company faces the risk of price of commodity and currency fluctuations in India. The Company does its best to analyse the market during the season in terms of demand, production of the commodity, stock report, logistics operations, weather etc. and then take appropriate business decisions by minimising the risks.

f) Segment-wise Performance

The Segments identified by the Company are as under :

- 1) Manufacturing Segment
- 2) Trading Segment

The Segment wise performance in detail is given in Note 31 to the audited accounts of the Company.

g) Internal control systems and their adequacy

The Company has an adequate system of internal control which fosters reliable financial reporting, safeguards assets and encourages adherence to management policies. The management reviews periodically various issues which have a bearing on the performance of the Company. The strategic decision is taken to ensure Company's growth and protect the interest of shareholders.

The Company has a well defined Organization Structure, Authority Levels, Internal Rules and Guidelines for conducting business transactions. Internal Audit was conducted on an ongoing basis during the year by Internal Auditors.

The Internal Audit Report and the progress on the implementation of the recommendations by the Internal Auditors were also discussed in the Audit Committee Meetings. Besides this, the Audit Committee of the Board of Directors also ensures proper compliance of applicable Laws, Accounting Standards and Regulatory Guidelines etc.

h) **Material developments in Human Resources/ Industrial Relations front**

The Company endeavors to hire valuable talent and strives hard to nurture them and develop through continuous training programs to improve domain specific skills, managerial capabilities, personality developments, cost competitiveness, customer focus and enhance NATIONAL Brand Value. The Company offers positive work environment which genuinely supports creativity, flow and exchange of original ideas, free and fearless communications across all levels of organization. The Company takes responsibility for effective management of careers of each individual to fulfill their personal aspirations and organizations' objectives. The team is strongly motivated to continually innovate, improve and deliver results.

With strong sense of belonging to the organization, the Company takes pride in retaining talent and providing them ample opportunities to realize their own potential and ambitions. The communication with employees is frequent and on constant basis. There is a healthy participation in target setting and preparation of business plan, which ensures commitment to the Company's goals/plans/objectives.

i) **Discussion on financial performance with respect to operational performance**

During the year under review your Company's top line performance is lower than previous year. Your Company's Revenue from Operations is ₹ 3,89,353 Lacs as against ₹ 4,03,991 Lacs for the corresponding previous year.

Your Company's export turnover is ₹ 56,832 Lacs as compared to ₹ 64,145 Lacs for the corresponding previous year.

The EBITDA for the year is ₹ 17,566 Lacs as compared to ₹ 18,662 Lacs in the corresponding previous year. The Profit Before Tax is ₹ 3,829 Lacs (₹ 4,840 Lacs in F.Y 2014-15) and Profit After tax is ₹ 2,814 Lacs (₹ 3,015 Lacs in F.Y 2014-15).

Major reasons for lower performance includes global economic slowdown, slowdown in the domestic manufacturing and infrastructure sector and excess supply in Indian steel industry leading to lower demand and sales realization.

Your Directors are optimistic for the improved performance in the current Financial Year.

j) **Cautionary Statement**

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "**forward looking statements**" within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/ supply influencing price conditions in the market in which the Company operate, changes in Government Regulations, Statutes, Tax Laws and other incidental factors.

Source of Data :

Circulars / reports / articles issued by World Steel Association, Ministry of Steel, NABARD and Various Newspapers and Magazines.

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance pursuant to Schedule V (C) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 {hereinafter referred as SEBI (LODR) Regulations, 2015}.

1. Company's Philosophy on Corporate Governance

Corporate Governance is the mechanism by which the values, principles, policies and procedures of Companies are manifested. Effective Corporate Governance is indispensable to resilient and vibrant capital markets and investor protection rests on this foundation. The core value of Corporate Governance lies in the principles of integrity, fairness, quality, transparency and accountability.

The Company is committed to good Corporate Governance in order to enhance value of its all stakeholders. To achieve the objectives of good Corporate Governance, the Company follows the principles of transparency, disclosures, fairness, independent supervision, healthy competition, production of quality products and services, compliance with all relevant laws, rules and regulations and meeting social responsibility. It is believed that good Corporate Governance by the Company would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society in the Company.

2. Board of Directors

The Board of Directors of the Company has optimum combination of Executive and Non-Executive Directors. The Company has an Executive Chairman. The Board comprises of 6 (Six) Directors. The Company has 2 (Two) Executive Directors, 1 (One) Nominee Director and remaining 3 (Three) are Independent Directors. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees, as specified in Regulation 26 of SEBI (LODR) Regulations, 2015, across all the Public Companies in which he/she is a Director.

Composition and Category of Directors

S. No.	Category	Name of Director
1	Promoter and Executive Director	Mr. Santosh Shakra
2	Executive Director	Mr. P. Srikrishna*
3	Independent Directors	Mr. Navin Khandelwal Mr. Rajesh Nema Mrs. Neha Singhania
4	Nominee Director	Mr. Munish Mohan**

* Mr. P. Srikrishna has resigned with effect from (w.e.f.) close of working hours on 31st March, 2016. Mr. Nagalingam Goli has been appointed as Managing Director w.e.f. 1st April, 2016 in place of Mr. P. Srikrishna.

** Mr. Munish Mohan has been appointed as Nominee Director of IDBI Bank w.e.f. 5th August, 2015.

The Board of Directors met 5 (five) times during the Financial Year 2015- 16 on 28th May 2015, 5th August 2015, 3rd November 2015, 5th February 2016 and 30th March 2016.

The gap between two meetings did not exceed one hundred and twenty days. The Company placed before the Board most of the information specified in Part A of Schedule II to the SEBI (LODR) Regulations, 2015 from time to time. The Board periodically reviews compliance reports of all laws applicable to the Company. The Company takes effective steps to rectify instances of non-compliance, if any.

Attendance of Directors at the Meetings of Board of Directors held during the Financial Year 2015-16 and the last Annual General Meeting (AGM) held on 22nd September, 2015, as also the number of Directorships and Committee positions held by them in other public limited companies as on 31st March, 2016 are given below:

Name of Director	No. of Board Meetings attended during 2015-16	Whether attended last AGM	No. of Directorships in other Public Companies	No. of Committee positions held in other Public Companies*		No. of shares held in NSAIL as on 31.03.16
				as Chairman	as Member	
Mr. Santosh Shahra	5	Yes	1	-	-	218400
Mr. P.Srikrishna	5	No	-	-	-	-
Mr. Navin Khandelwal	5	Yes	6	2	2	-
Mr. Rajesh Nema	5	Yes	1	-	-	-
Mrs. Neha Singhania	3	No	-	-	-	-
Mr. Munish Mohan**	2	No	-	-	-	-

* Represents Chairmanships/Memberships of Audit Committee and Stakeholders Relationship Committee.

** Mr. Munish Mohan, Nominee Director of IDBI Bank Limited has been appointed w.e.f. 5th August, 2015.

The Company has adopted the code of conduct for all Board Members and Senior Management Personnel. The Company has received confirmation from them regarding compliance of the Code during the year under review. The Code is posted on the website of the Company.

There are no relationships between the Directors of the Company, inter-se.

The details of familiarisation programmes imparted to independent directors are available at the website of the Company.

(Web link: <http://www.nsail.com/Investor Zone / Disclosure / Familiarisation Programme>)

3. Audit Committee

Your Company's Audit Committee has been constituted in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. During the year under review, the Audit Committee met 4 (Four) times on 28th May 2015, 5th August 2015, 30th October 2015 and 2nd February 2016 and the gap between two meetings did not exceed one hundred and twenty days.

The Audit Committee comprises of below mentioned directors and their attendance was as under:

Name	Category	No. of Committee Meetings attended
Mr. Navin Khandelwal, Chairman	Independent Director	4
Mr. Rajesh Nema	Independent Director	4
Mr. Santosh Shahra*	Executive Director	1
Mr. P. Srikrishna**	Executive Director	2

* Mr. Santosh Shahra ceased to be member of Audit Committee w.e.f. 5th August, 2015.

** Mr. P Srikrishna became member of Audit Committee w.e.f. 5th August, 2015. Mr. Srikrishna ceased to be member of Audit Committee w.e.f. 31st March, 2016. Mr. Nagalingam Goli became member of Audit Committee w.e.f. 1st April, 2016 in place of Mr. P. Srikrishna.

Mr. Navin Khandelwal, Chartered Accountant, is Chairman of the Audit Committee. The Audit Committee also invites such of the executives, as it considers appropriate, representatives of the Statutory Auditors and the representatives of the Internal Auditors.

The Company Secretary acts as the Secretary to all the Committees.

The terms of reference of the Audit Committee includes the matters specified in Part C Schedule II to the SEBI (LODR) Regulations 2015 and also as required under Section 177 of the Companies Act, 2013.

4. Nomination and Remuneration Committee

Your Company's Nomination and Remuneration Committee has been constituted in accordance with the provisions of Regulation 19 of the SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013.

The Committee consists of 3 (Three) Directors. The Chairman of the Committee is an independent director. The Committee met 4 (Four) times during the year under review on 28th May 2015, 5th August 2015, 2nd February 2016 and 30th March 2016. The attendance record of the members at the meeting is as under:

Name	Category	No. of Committee Meetings attended
Mr. Navin Khandelwal, Chairman	Independent Director	4
Mr. Rajesh Nema	Independent Director	4
Ms. Neha Singhania	Independent Director	3

Nomination and Remuneration Policy of the Company is available at the website www.nsail.com.

Performance Evaluation

Pursuant to the applicable provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, its

Committees, the Chairman of the Company and the Directors on the basis of the feedback received from all the Directors of the Company.

Structured performance evaluation questionnaire were circulated to the Directors for:

- Directors' – Self & Peer Level Evaluation;
- Board's Evaluation;
- Board Committees' Evaluation; and
- Chairman's Evaluation.

The summary of rating given by all the directors on the structured performance evaluation was placed before the Board of Directors.

Details of Remuneration paid to Directors

During the Financial Year 2015-16, the Company paid to Non-executive Directors only sitting fee for attending Board and Audit Committee Meetings.

Details of remuneration paid to Directors for the year ended 31st March, 2016 are as follows:

(Amount in ₹)

Directors	Sitting Fees	Salary and perquisites	Total
Mr. Santosh Shahra*	N.A.	2,43,65,924	2,43,65,924
Mr. P. Srikrishna	N.A.	78,84,800	78,84,800
Mr. Navin Khandelwal	86,000	Nil	86,000
Mr. Rajesh Nema	86,000	Nil	86,000
Ms. Neha Singhania	30,000	Nil	30,000
Mr. Munish Mohan**	20,000	Nil	20,000

* Remuneration paid to Mr. Santosh Shahra is for the period of 10 months of the Financial Year 2015-16 i.e. 1st April, 2015 to 31st January, 2016 as shown above, includes excess payment of Rs. 146.01 Lacs over and above the permissible limits as prescribed under Section 197 of the Companies Act, 2013. The Company proposes to apply to the Central Government for the necessary approval and also to obtain approval of the members in the ensuing Annual General Meeting.

** Sitting Fee cheques issued in the name of IDBI Bank Limited.

Service Contracts, Severance Fees and Notice Period

Period of Contract of Mr. Santosh Shahra – Executive Chairman is five years w.e.f. 20th August, 2013 and the contract may be terminated by either party by giving six months' notice. There is no separate provision for payment of severance fees. However, pursuant to the applicable provisions of Companies Act, 2013 the matter of re-appointment of Mr. Santosh Shahra – Executive Chairman will be considered by the Equity Shareholders in the ensuing Annual General Meeting.

5. Stakeholders Relationship Committee

Your Company's Stakeholders Relationship Committee has been constituted in accordance with the provisions of Regulation 20 of the SEBI (LODR) Regulations, 2015 and Section 178 of Companies Act, 2013. The Committee consists of 3 (Three) Directors. The Chairman of the Committee is an Independent Director. The Committee met 4 (Four) times during the year under review on 28th May 2015, 5th August 2015, 30th October 2015 and 2nd February 2016. The attendance record of the members at the meeting is as under:

Name	Category	No. of Committee Meetings attended
Mr. Navin Khandelwal, Chairman	Independent Director	4
Mr. P. Srikrishna*	Executive Director	4
Mr. Rajesh Nema	Independent Director	3

* Mr. Srikrishna ceased to be member of Stakeholders Relationship Committee w.e.f. 31st March, 2016. Mr. Nagalingam Goli became member of Stakeholders Relationship Committee w.e.f. 1st April, 2016 in place of Mr. P. Srikrishna.

The Committee looks into the redressal of stakeholders' grievances related to share transfer, transmission, issue of duplicate share certificates, non-receipt of annual report, etc.

Total numbers of complaints received during the year under review were 7 as per details given in table below and all were solved to the satisfaction of the shareholders.

Nature of Complaints	Complaints received from			Total No. of Complaints
	Shareholders	SEBI	Stock Exchange	
Non-receipt of Annual Report	4	-	-	4
Non-receipt of Share Certificates	-	1	-	1
Non-receipt of Dividend	1	1	-	2
Dematerialisation & Rematerialisation	-	-	-	-
Total	5	2	-	7

Mr. Pankaj Gupta, Company Secretary of the Company is Compliance Officer.

6. Corporate Social Responsibility Committee

Your Company's Corporate Social Responsibility (CSR) Committee has been constituted in accordance with the provisions of Section 135 of Companies Act, 2013. The Terms of Reference and its composition are as under:

Brief description of Terms of Reference :

To formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to Companies Act, 2013, recommend the

amount of expenditure to be incurred on the activities referred to in CSR Policy of the Company, institute a transparent monitoring mechanism for implementation of the CSR projects or programmes or activities undertaken by the Company and monitor the CSR Policy of the Company from time to time.

The Committee consists of 3 (Three) Directors as under:

Name	Category
Mr. Santosh Shahra, Chairman	Executive Director
Mr. P. Srikrishna*	Executive Director
Mr. Rajesh Nema	Independent Director

The Committee met on 21st March, 2016 during the year under review. All the members of the Committee attended the meeting.

* Mr. Srikrishna ceased to be member of CSR Committee w.e.f. 31st March, 2016. Mr. Nagalingam Goli became member of CSR Committee w.e.f. 1st April, 2016 in place of Mr. P. Srikrishna.

7. Independent Directors' Meeting

During the year under review, the Independent Directors met on 2nd March, 2016, *inter alia*, to :

- Review the performance of Non Independent Directors and the Board of Directors as a whole;
- Review the performance of Chairperson of the Company, taking into account the views of the Executive and Non Executive Directors.
- Assess the quality, quantity and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting. The recommendations of the Independent Directors Meeting were submitted to the Board of Directors.

8. General Body Meetings

(i) The venue and time of General Meetings (AGM) held during the last three years were as follows:

Date	Time	Venue	Whether any Special Resolution(s) passed
16.09.2013 (27 th AGM)	12.30 P.M.	Babasaheb Dahanukar Sabhagriha, Oricon House, 6 th Floor, 12, K. Dubash Marg, Fort, Mumbai - 400 001	Yes
06.09.2014 (28 th AGM)	12.00 Noon	Babasaheb Dahanukar Sabhagriha, Oricon House, 6 th Floor, 12, K. Dubash Marg, Fort, Mumbai - 400 001	Yes
22.09.2015 (29 th AGM)	12.00 Noon	M. C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4 th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001	Yes

(ii) Postal Ballot :

No special resolution was passed through Postal Ballot during the Financial Year 2015-16 or is being proposed through Postal Ballot at the ensuing Annual General Meeting.

9. Disclosures

a) Details of Directors seeking appointment / re-appointment at the Annual General Meeting:

Name of Director: Mr. Santosh Shahra; **Age :** 69 Years; **Qualification:** BE (Mechanical) and MS (USA); **Date of Appointment:** 20th October, 2005; **Expertise:** Industrial and Operational Excellence, Business Development, Finance Management and General Management; **Directorships as on 31st March, 2016:** Shreeyam Power and Steel Industries Limited, Shahra Brothers Private Limited and Shahra Estate Private Limited; **Chairmanship/Membership of the Committees:** (i) Chairman of Corporate Social Responsibility (CSR) Committee of the Company. (ii) Chairman on Risk Management Committee of the Company; and (iii) Member of Nomination and Remuneration Committee of Shreeyam Power and Steel Industries Limited; **Shareholding in the Company:** Nil.

b) Disclosures on materially significant related party transactions that may have potential conflict with the interests of the Company at large:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on arm's length pricing basis and do not attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the year under review which were in conflict with the interest of the Company. The Board has approved a policy for related party transactions which has been uploaded on the Company's website.

c) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or Securities and Exchange Board of India (SEBI) or any statutory authority, on any matter related to capital markets, during the last three years:

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the SEBI or by any statutory authority on any matters related to capital markets during the last three years.

d) Whistle Blower policy and affirmation that no personnel has been denied access to the audit committee:

The Company has Whistle Blower Policy and the same has been uploaded at the website of the Company. No personnel of the Company has been denied access to the audit committee.

e) Details of compliance with mandatory requirements and adoption of the non- mandatory requirements:

The Company has complied with the mandatory requirements and also adopted some of the non- mandatory requirements as stipulated under the SEBI (LODR) Regulations, 2015.

f) Web link where policy for determining 'material' subsidiaries is disclosed:

The Company does not have any subsidiary.

- g) Web link where policy on dealing with related party transactions is disclosed:
<http://www.nsail.com/Investor Zone / Policies / Related Party Policy>
- h) Disclosure of commodity price risks and commodity hedging activities:
The Company imports and exports commodities. The management of the Company takes effective steps timely to minimise commodity price risks and also hedges its exposure.
- i) Disclosures of relationships between Directors inter-se:
None of the Directors have any relation inter-se.
- j) Regulations for Prevention of Insider Trading:
In terms of the SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has adopted the Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insider for its Directors, Officers and Specified Employees.
Mr. Pankaj Gupta, Company Secretary is the Compliance Officer under the said Code.
- k) The disclosures of the compliance with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations, 2015 :
The Company has complied with the corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

10. Reconciliation of Share Capital Audit

A qualified Practicing Company Secretary carried out Share Capital Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and listed equity share capital. The audit confirms that the total Issued / Paid-up Capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

11. Means of Communication

◆ Quarterly Results

The Company's Quarterly Results are submitted to the Stock Exchanges, published in newspapers and also displayed on the Company's website.

◆ Newspaper wherein Results normally published in

Free Press Journal and Nava Shakti (Mumbai)

◆ Any website, where displayed

www.nsail.com

◆ Whether it also displays official news release

No

◆ The presentations made to institutional investors or to the analysts

No such occasion arose during the year under review.

12. General Shareholder Information**a) Annual General Meeting :**

- Day, Date and Time : Saturday, 3rd September, 2016 at 11.00 A.M.
- Venue : M. C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 4th Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai – 400001

b) Financial Calendar

- Results for first quarter ending 30th June, 2016 : Within 45 days from the end of the quarter
- Results for second quarter ending 30th September, 2016 : Within 45 days from the end of the quarter
- Results for third quarter ending 31st December, 2016 : Within 45 days from the end of the quarter
- Results for Financial Year ending 31st March, 2017 : Within 60 days from the end of the financial year

- c) Date of Book Closure** : Saturday, 27th August, 2016 to Saturday, 3rd September, 2016 (Both days inclusive)

- d) Dividend Payment date** : The Board of Directors has not recommended any dividend on the Equity Shares for the year ended 31st March, 2016.

e) Listing of Equity Shares on Stock Exchanges and Stock Codes :

The equity shares of the Company are listed on National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

STOCK EXCHANGE**STOCK CODE**

National Stock Exchange of India Limited (NSE)

NATNLSTEEL

BSE Limited (BSE)

513179

The Listing Fee for the financial year 2016-17 has been paid to NSE and BSE.

- f) Corporate Identification Number (CIN) the Company** : L27100MH1985PLC140379.

g) Market Price Data :

The High & Low price during each month in the last financial year of the Company's share is as under :

Month	SHARE PRICE (BSE)		BSE SENSEX	
	High (₹)	Low (₹)	High	Low
April, 2015	17.70	14.00	29094.61	26897.54
May, 2015	15.90	14.65	28071.16	26423.99
June, 2015	15.45	12.60	27968.75	26307.07
July, 2015	15.35	13.35	28578.33	27416.39
August, 2015	16.95	12.65	28417.59	25298.42
September, 2015	14.55	13.01	26471.82	24833.54
October, 2015	15.65	13.50	27618.14	26168.71
November, 2015	15.57	13.26	26824.30	25451.42
December, 2015	15.50	13.70	26256.42	24867.73
January, 2016	14.45	12.00	26197.27	23839.76
February, 2016	14.17	11.00	25002.32	22494.61
March, 2016	12.80	11.35	25479.62	23133.18

Month	SHARE PRICE (NSE)		NSE NIFTY	
	High (₹)	Low (₹)	High	Low
April, 2015	17.45	14.20	8844.80	8144.75
May, 2015	16.45	14.75	8489.55	7997.15
June, 2015	15.70	12.65	8467.15	7490.30
July, 2015	15.45	13.05	8654.75	8315.40
August, 2015	16.90	12.60	8621.55	7667.25
September, 2015	14.40	12.95	8055.00	7539.50
October, 2015	15.75	13.25	8336.30	7930.65
November, 2015	15.35	13.70	8116.10	7714.15
December, 2015	15.75	13.85	7979.30	7551.05
January, 2016	14.50	12.00	7972.55	7241.50
February, 2016	13.90	10.95	7600.45	6825.80
March, 2016	13.00	11.15	7777.60	7035.10

h) Share Price Performance in comparison to broad based indices - BSE Sensex and NSE Nifty :

	1 st April, 2015	31 st March, 2016	% Change
Company Share Price (BSE)	14.00	12.50	(10.71)
Company Share Price (NSE)	14.20	12.50	(11.97)
BSE Sensex	27,954.86	25,341.86	(9.35)
NSE Nifty	8,483.70	7,738.40	(8.79)

i) Registrar and Transfer Agent :

Sarthak Global Limited, 170/10 R.N.T. Marg, Film Colony, Indore –452 001 (M.P.)

Phone No. : 0731-2523545, 2526388, Fax No. : 0731-2526388

Email ID : sgl@sarthakglobal.com

j) Share Transfer System :

To expedite the process of share transfers, the Board of the Company has delegated the power of share transfer to M/s Sarthak Global Ltd., Registrar and Share Transfer Agent of the Company. The delegated authority attends to share transfer formalities fortnightly. Shares lodged in physical form with the Company/its Registrars & Share Transfer Agent are processed and generally returned within fifteen days from the date of receipt so long as the documents have been clear in all respects. Shares under objection are returned within fifteen days from receipt of the documents.

k) Distribution of Shareholding as on 31st March, 2016

Slab of Shareholding	Shareholders	%	₹ in Lacs	%
1 - 250	17,530	65.70	214.56	4.82
251 - 500	5,272	19.76	204.39	4.59
501 - 1,000	2,183	8.18	177.60	3.99
1,001 - 2,000	849	3.18	132.37	2.98
2,001 - 3,000	266	1.00	69.26	1.56
3,001 - 4,000	116	0.44	41.56	0.93
4,001 - 5,000	114	0.43	53.65	1.21
5,001 - 10,000	174	0.65	129.53	2.91
10,001 and above	177	0.66	3,427.08	77.01
Total	26,681	100.00	4,450.00	100.00

Categories of Shareholders as on 31st March, 2016

	Category	No. of Shares held	% of Shareholding
A.	Promoters' holding		
1	Promoters	2,17,70,083	48.92
	Sub Total (1)	2,17,70,083	48.92
B.	Non Promoters' holding		
2	Institutional Investors		
a.	Mutual Funds and UTI	61,300	0.14
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. / Non-Govt. Institutions)	1,35,500	0.30
	Sub Total (2)	1,96,800	0.44
3	Others		
a.	Private Corporate Bodies	73,59,669	16.54
b.	Indian Public	1,40,58,557	31.59
c.	NRIs	5,57,578	1.25
d.	Clearing Members	39,477	0.09
e.	Hindu Undivided Family	5,17,836	1.16
	Sub Total (3)	2,25,33,117	50.64
	Grand Total (1+2+3)	4,45,00,000	100.00

l) Dematerialisation of shares and Liquidity :

3,12,06,884 Equity Shares of the Company representing 70.12% of the Company's Share Capital are dematerialised as on 31st March, 2016 as compared to 2,27,18,127 Equity Shares (51.05%) as on 31st March, 2015 with NSDL and CDSL (ISIN Code : INE 088B01015).

The Company's equity shares are regularly traded on the National Stock Exchange of India Ltd. and BSE Limited, in dematerialized form.

m) Outstanding GDRs/ADRs/Warrant or any convertible instruments conversion date and likely impact on equity : Nil

n) Plant Location : Village Sejwaya, Tehsil Dhar, District Dhar (Madhya Pradesh)

o) Registered Office : 621, Tulsiani Chambers
Nariman Point, Mumbai - 400 021

p) Address for Correspondence**(i) Investor Correspondence****For Shares held in Physical Form**

Sarthak Global Limited

Unit : National Steel and Agro Industries Limited

170/10 R.N.T. Marg, Film Colony, Indore - 452 001 (M.P.)

Phone No. : 0731-2523545, 2526388, Fax No. : 0731-2526388

For Shares held in Demat Form

Investors' concerned Depository Participant (DP) and/or
Sarthak Global Limited

Unit : National Steel and Agro Industries Limited

170/10 R.N.T. Marg, Film Colony, Indore - 452 001 (M.P.)

Phone No. : 0731-2523545, 2526388, Fax No. : 0731-2526388

Investors may lodge complaint at Email ID : investor_relations@nsail.com

(ii) Administrative Office

National Steel and Agro Industries Limited

401, Mahakosh House, 7/5 South Tukoganj, Nath Mandir Road, Indore – 452 001 (M.P.)

Phone No. : 0731-4017409, 4017410, Fax No. : 0731-2516714

Email ID : nsail_indore@nsail.com

15. CEO and CFO Certification

The Managing Director & CEO and CFO of the Company give quarterly/annual certification on financial reporting and internal controls to the Board in terms of Regulation 17 of SEBI (LODR) Regulations, 2015.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND
SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT**

This is to confirm that the Company has adopted NSAIL Code of Conduct for its Directors and Senior Management Personnel and the same has been posted on the Company's website.

I confirm that the Company has in respect of the Financial Year ended 31st March, 2016, received from the members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means those who are of the rank of General Manager and above including all functional heads.

Place : Indore
Date : 27th May, 2016

Nagalingam Goli
Managing Director
(DIN : 03317130)

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To

The Members of **National Steel and Agro Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by **National Steel and Agro Industries Limited (the Company)**, for the year ended on 31st March, 2016 as specified in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges for the period from 1st April, 2015 to 30th November, 2015 and in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraph C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 { "the SEBI (LODR) Regulations, 2015" } for the period from 1st December, 2015 to 31st March, 2016.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring 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 specified in the Listing Agreement and the SEBI (LODR) Regulations, 2015, as applicable.

We further 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 Gupta Saharia & Co.
Chartered Accountants
FRN-103446W

Place : Indore
Dated : 27th May, 2016

CA Suresh Saharia
(Partner)
Membership No. 040180

INDEPENDENT AUDITORS' REPORT**TO THE MEMBERS OF NATIONAL STEEL AND AGRO INDUSTRIES LIMITED****Report on the Financial Statements**

We have audited the accompanying financial statements of NATIONAL STEEL AND AGRO INDUSTRIES LIMITED ("the Company") which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the 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 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("the Rules"). 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 judgements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in

India, of the state of affairs of the Company as at 31st March, 2016 and its profit and its cash flows 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 issued by the Central Government of India in term of sub-section (11) of Section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, 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 purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the director is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls refer to our separate report in "Annexure B" and
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations as at 31st March, 2016 on its financial position in its financial statements as referred in annexure to Auditors' Report vii(b).
 - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
 - (iii) There has been no amounts, required to be transferred, to the investor Education and Protection Fund by the Company.

For **Gupta Saharia & Co.**
Chartered Accountants
FRN-103446W

Place : Indore
Dated : 27th May, 2016

CA Suresh Saharia
(Partner)
Membership No. 040180

ANNEXURE A TO THE AUDITORS' REPORT

(Referred to in paragraph (1) of our report of even date)

- (i) (a) As explained to us, in respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management, in accordance with the program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (c) In respect of immovable property, title deeds of all the immovable properties are in the name of the Company.
- (ii) As explained to us, the inventory of the Company has been physically verified during the year by the management. In respect of materials lying with third parties these have been confirmed by them. In our opinion the frequency of the verification is reasonable. In our opinion, the discrepancies noticed on verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company.
- (iii) As explained to us, 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 Companies Act, 2013.
- (iv) According to the records of the Company examined by us, the Company had given corporate guarantee on behalf of associate and full particulars of the guarantee have been disclosed in the financial statement.
- (v) The Company has not accepted any deposits from the public within the meaning of Section 73 and 76 of the Companies Act, 2013 and the rules framed there under to the extent notified.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under sub-section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the records of the Company examined by us and the information and explanations given to us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues, as applicable, with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of Income-Tax, Sales-Tax, Entry-Tax, Wealth-Tax, Service-Tax, Customs Duty, Excise Duty and Cess as at 31st March, 2016 which have not been deposited on account of disputes are as follows.

Statement of Disputed Dues

Name of Statute	Nature of Dues	Amount Disputed (₹)	Period	Forum where dispute is pending	
The Central Excise Act	Excise Duty	12,50,482	2013-14	Commissioner (Appeals), Bhopal	
		4,88,837	2014-15	Commissioner (Appeals), Bhopal	
	Penalty		5,00,000	2014-15	Commissioner (Appeals), Bhopal
			5,00,000	2014-15	Commissioner (Appeals), Bhopal
			5,00,000	2014-15	Commissioner (Appeals), Bhopal
	CENVAT Credit	1,47,91,017	2014-15	Commissioner Central Excise, Indore	
	Differential Duty	11,63,22,636	2014-15	Central Excise and Service Tax Appellate Tribunal, New Delhi	
	Differential Duty	1,03,04,238	2015-16	Commissioner of Central Excise & Service Tax, Indore	
Custom Duty	1,92,99,130	2014-15	Commissioner of Customs, Mundra port, Gujrat		
Sales Tax Act	Entry Tax	50,47,197	2004-05	M.P. Commercial Tax Appellate Board, Bhopal	
	State Case	5,19,604	2004-05	M.P. Commercial Tax Appellate Board, Bhopal	
	State Case	18,68,541	2005-06	M.P. Commercial Tax Appellate Board, Bhopal	
	VAT Tax	8,57,947	2010-11	Appeal to Joint Commissioner of Sales Tax, Mumbai	
Sales Tax (Commercial Tax)	Entry Tax	5,49,730	2008-09	Commercial Tax Tribunal, Ghaziabad	
	Entry Tax	14,79,228	2009-10	Commercial Tax Tribunal, Ghaziabad	
	Entry Tax	1,25,56,862	2009-10 2010-11	Hon'ble Supreme Court of India, Ghaziabad	
	VAT Tax	8,32,935	2010-11	Sales Tax (Ghaziabad)	

- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institutions, banks, Government or any dues to debenture holders as at balance sheet date.
- (ix) According to the records of the Company examined by us and the information and explanation given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loan.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the

information and explanations given to us, we have neither come across any instance of material fraud by the Company or any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

- (xi) According to the records of the Company examined by us, managerial remuneration has been paid or provided in excess of the limits prescribed under provisions of Section 197 read with schedule V of the Companies Act, 2013. As per the information given to us, the Company is in the process of complying with the provisions of the aforesaid section by putting up the matter to Shareholders' approval in the ensuing General Meeting and thereafter for the requisite consent of Central Government.
- (xii) The Company is not a Nidhi company.
- (xiii) According to the records of the Company examined by us and the information and explanation given to us, 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 statement as required by applicable accounting standards.
- (xiv) According to the records of the Company examined by us, the Company has not made any preferential allotment or private allotment of shares or fully or partly convertibles debenture during the year.
- (xv) According to the records of the Company examined by us and the information and explanation given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the records of the Company examined by us the Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934.

For **Gupta Saharia & Co.**
Chartered Accountants
FRN-103446W

Place : Indore
Dated : 27th May, 2016

CA Suresh Saharia
(Partner)
Membership No. 040180

ANNEXURE B TO THE AUDITORS' REPORT**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 National Steel And Agro Industries Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the 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 controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). 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 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 ICAI. 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 control 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 control 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 controls 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 controls over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016 based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **Gupta Saharia & Co.**
Chartered Accountants
FRN-103446W

Place : Indore
Dated : 27th May, 2016

CA Suresh Saharia
(Partner)
Membership No. 040180



BALANCE SHEET AS AT 31st MARCH, 2016

	Note No.	As At 31.03.2016 (₹ in Lacs)	As At 31.03.2015 (₹ in Lacs)
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	01	9,951.02	9,951.02
Reserves & Surplus	02	28,551.40	26,001.95
		38,502.42	35,952.97
NON-CURRENT LIABILITIES			
Long-Term Borrowings	03	1,434.93	2,654.94
Deferred Tax Liabilities (Net)	04	3,119.18	3,061.74
Other Long Term Liabilities	05	216.63	606.48
Long Term Provisions	06	236.50	238.24
		5,007.24	6,561.40
CURRENT LIABILITIES			
Short-Term Borrowings	07	21,097.03	23,470.33
Trade Payables	08	70,016.69	71,516.80
Other Current Liabilities	09	3,386.95	4,077.92
Short-Term Provisions	10	1,013.08	1,662.60
		95,513.75	1,00,727.65
	TOTAL	1,39,023.41	1,43,242.02
ASSETS :			
NON-CURRENT ASSETS			
Fixed Assets			
- Tangible Assets	11	16,445.41	19,148.62
- Intangible Assets	11	131.65	16.10
- Capital Work in Progress	11	4,545.36	2,073.58
Non-Current Investments	12	89.08	284.40
Other Non-Current Assets	13	288.99	255.09
		21,500.49	21,777.79
CURRENT ASSETS			
Inventories	14	50,209.12	53,465.15
Trade Receivables	15	42,759.34	43,098.05
Cash and Cash Equivalents	16	9,409.36	11,303.77
Short-Term Loans and Advances	17	14,801.85	13,337.42
Other Current Assets	18	343.25	259.84
		1,17,522.92	1,21,464.23
	TOTAL	1,39,023.41	1,43,242.02
Significant Accounting Policies	A to T		
The accompanying notes are integral part of the Financial Statements	1 to 39		

As per our report of even date attached

For and on behalf of the Board of Directors

For **Gupta Saharia & Co.**
Chartered Accountants
FRN-103446W

Mahesh Jain
Chief Financial Officer

Santosh Shahra
Executive Chairman
DIN - 00305846

CA Suresh Saharia
Partner
Membership No. 040180

Pankaj Gupta
Company Secretary

Nagalingam Goli
Managing Director
DIN - 03317130

Place : Indore
Dated : 27th May, 2016

Place : Indore
Dated : 27th May, 2016



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

	Note No.	Year ended 31.03.2016 (₹ in Lacs)	Year ended 31.03.2015 (₹ in Lacs)
INCOME			
Revenue from Operations (Gross)	19	3,89,352.75	4,03,990.63
Less : Excise Duty		14,322.05	15,603.37
Net Revenue from Operations		3,75,030.70	3,88,387.26
Other Income	20	2,325.25	362.44
Total Revenue		<u>3,77,355.95</u>	<u>3,88,749.70</u>
EXPENDITURE			
Cost of Materials Consumed	21	1,35,532.94	1,54,963.42
Purchases of Stock-in-Trade	22	2,11,783.11	1,88,509.74
(Increase)/Decrease in Finished Goods, Work in Process and Stock-in-Trade	23	(14,556.42)	280.07
Employee Benefit Expenses	24	4,789.47	4,468.63
Finance Costs	25	12,280.87	12,293.63
Depreciation and Amortisation Expenses	11	1,456.20	1,528.32
Other Expenses	26	22,241.27	21,866.19
Total Expenses		<u>3,73,527.44</u>	<u>3,83,910.00</u>
Profit Before Tax		3,828.51	4,839.70
Tax Expenses			
Current Tax		826.00	1,792.00
Less : MAT Credit Entitlement		---	---
Income Tax for earlier year		130.78	82.58
Deferred Tax (Assets)/Liabilities		57.44	(49.91)
Profit After Tax		<u>2,814.29</u>	<u>3,015.03</u>
Earning per Equity Share of Face Value ₹ 10 each			
Basic and Diluted (in ₹)	33	5.73	6.20
Weighted average number of Shares outstanding (in Lacs)		445.00	445.00
Significant Accounting Policies	A to T		
The accompanying notes are integral part of the Financial Statements	1 to 39		

As per our report of even date attached

For and on behalf of the Board of Directors

For **Gupta Saharia & Co.**
Chartered Accountants
FRN-103446W

Mahesh Jain
Chief Financial Officer

Santosh Shakra
Executive Chairman
DIN - 00305846

CA Suresh Saharia
Partner
Membership No. 040180

Pankaj Gupta
Company Secretary

Nagalingam Goli
Managing Director
DIN - 03317130

Place : Indore
Dated : 27th May, 2016

Place : Indore
Dated : 27th May, 2016



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in Lacs)

	Year ended 31.03.16		Year ended 31.03.15	
A. Cash Flow from Operating Activities :				
a) Net Profit/(Loss) before Tax & Extraordinary Items	3829		4840	
Adjustment for :				
Depreciation	1456		1528	
Interest Expenses	13741		13641	
Interest & Dividend Income	(1461)		(1348)	
Loss/(Profit) on Sale of Fixed Assets	(2244)		272	
		15321		18933
b) Operating Profit before Working Capital Changes				
Adjustment for :				
Trade and other Receivables including margin held with Banks	469		(6609)	
Inventories	3256		(9201)	
Increase in Trade Payable and Other Payable	(985)	2740	14845	(965)
c) Cash Generated from Operations		18061		17968
Income Tax Paid (Net)	(1497)	(1497)	(972)	(972)
d) Cash Flow before Extraordinary Items		16564		16996
Extraordinary Items		---		---
Net Cash from Operating Activities (A)		16564		16996
B. Cash Flow from Investing Activities :				
Interest/Dividend received	1504		1427	
Sale/(Purchase) of other Investment	195		(5)	
Purchase of Fixed Assets including Capital Work-in-Progress	(3170)		(2925)	
Sale of Fixed Assets	4074		144	
Net Cash from Investing Activities (B)		2603		(1359)
C. Cash Flow from Financing Activities :				
Proceeds from Long Term Borrowings	---		500	
Repayment of Long Term Borrowings	(2536)		(2388)	
Net proceeds from Other Borrowings	(2373)		(779)	
Liability for Capital Goods	(392)		447	
Provision for Dividend	(265)		(257)	
Interest Paid	(13740)		(13652)	
Net Cash from Financing Activities (C)		(19306)		(16129)
D. Net increase/ (decrease) in Cash and Cash equivalent (A+B+C)		(139)		(492)
Cash and Cash equivalent at the beginning of the year	1311		1804	
Cash and Cash equivalent at the end of the year (Refer Note No.16)	1172	(139)	1312	(492)

As per our report of even date attached

For and on behalf of the Board of Directors

For **Gupta Saharia & Co.**
Chartered Accountants
FRN-103446W

Mahesh Jain
Chief Financial Officer

Santosh Shahra
Executive Chairman
DIN - 00305846

CA Suresh Saharia
Partner
Membership No. 040180

Pankaj Gupta
Company Secretary

Nagalingam Goli
Managing Director
DIN - 03317130

Place : Indore
Dated : 27th May, 2016

Place : Indore
Dated : 27th May, 2016

SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Accounting :**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India ('GAAP') under the historical cost convention on the accrual basis of accounting. GAAP comprises mandatory accounting standards as specified in the Companies (Accounting Standards) Rules, 2006, the provisions of the Companies Act, 2013, guidelines issued by the Securities and Exchange Board of India ('SEBI') and other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), to the extent applicable. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in an accounting policy hitherto in use. The financial statements are prepared and presented in Indian Rupees unless otherwise stated.

B. Use of Estimates :

The preparation of financial statements in conformity with generally accepted accounting principles require the management to make estimates and assumptions that affect the reported amounts of Assets and Liabilities and disclosure of Contingent Liabilities at the date of the financial statements and the result of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Significant estimates used by the management in the preparation of these financial statements include estimates of the economic useful life of Fixed Assets and provisions for bad and doubtful debts. Any revision to accounting estimates is recognized prospectively.

C. Revenue Recognition :

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods, services, service tax, excise duty and sales during trial run period, adjusted for discounts (net), and gain/loss on corresponding hedge contracts.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable and net off with finance cost.

D. Fixed Assets :**Tangible Assets**

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, inclusive of taxes, freight and other incidental expenses related to acquisition, improvements and installation, except in case of revaluation of Fixed Assets where they are stated at revalued amount, as contained in AS-10. Capital Work-in-Progress includes cost of Fixed Assets under installation, any unallocated expenditure and Interest during construction period on loans taken to finance the Fixed Assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets, which necessarily take a substantial period of time to get ready for their intended use, are capitalised. Forex on liability towards Fixed Assets is added or deducted from the cost of Assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date and the cost of fixed assets not ready for their intended use on such date, are disclosed under long-term loans and advances and capital work-in-progress respectively.

Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

E. Impairment of Assets :

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of recoverable amount.

F. Central Value Added Tax (CENVAT) :

CENVAT claimed on capital goods is reduced from the cost of plant and machinery. CENVAT claimed on purchases of raw and other materials is reduced from the cost of such materials.

G. Depreciation :

Depreciation on Factory Building, Plant & Machinery, Electrical Installation and equipment is provided on a straight-line method over the estimated life of assets.

Effective 1st April 2014, the Company depreciates its fixed assets over the useful life in the manner prescribed in Schedule II of the Act, as against the earlier practice of depreciating at the rates prescribed in Schedule XIV of the Companies Act, 1956.

Depreciation on additions during the year is being calculated on pro-rata basis from the following month, in which such additions were made or up to the month preceding the month of such deletion, as the case may be.

H. Borrowing Cost :

Borrowing cost relating to acquisition/ construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use/sale. Borrowing costs that are attributable to the projects are charged to the respective projects. All other borrowing costs, not eligible for inventorisation /capitalisation, are charged to revenue.

I. Lease Rent :

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets acquired are capitalized at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognized as an expense on a straight line basis in the statement of profit and loss over the lease term.

J. Inventories :

Stock of Raw materials, stores & spares, Fuel & packing material are valued at cost or Net realizable value whichever is lower. Traded goods and finished goods are valued at lower of cost or net realizable value. Stock of Scrap is valued at net realizable value. The cost of material is arrived on First in First out basis.

K. Foreign Currency Transactions :

(I) a) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

b) Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit and Loss Statement, except in case of long term liabilities, where they relate to acquisition of Fixed Assets, in which case they are adjusted to the carrying cost of such assets.

(II) Forward and Options Contracts in Foreign Currencies :

In respect of derivative contracts, premium paid, gains/losses on settlement and losses on restatement are recognized in the Profit and Loss Statement except in case where they relate to the acquisition or construction of Fixed Assets, in which case, they are adjusted to the carrying cost of such assets.

L. Investments :

Current investments are carried at lower of cost and quoted/fair value, computed categorywise. Non Current investments are stated at cost. Provision for diminution in the value of Non Current investments is made only if such a decline is other than temporary.

M. Taxation :

Provision for tax for the year comprises current Income Tax and Deferred Tax and is provided as per the Income Tax Act, 1961.

Deferred tax resulting from timing differences between the book and the tax profits is accounted for, at the current rate of tax, to the extent that the timing differences are expected to crystallize. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets/ liabilities are reviewed as at each balance sheet date.

Minimum Alternate Tax ('MAT') paid in accordance with the Indian Income Tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the balance sheet if there is convincing evidence that the Company will pay normal tax after the tax holiday period and the resultant assets can be measured reliably.

N. Retirement benefits :

- a) Contribution to provident fund and family pension fund are accrued in accordance with applicable statute and deposited with appropriate authorities.
- b) Compensated absences, a long-term defined employee benefit, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The group accrues for the expected cost of short-term compensated absences in the period in which the employee renders services.
- c) Gratuity, a defined benefit for employees of the Indian entity, is accrued based on an actuarial valuation at the balance sheet date, carried out by an independent actuary. The Company has an employees' gratuity fund managed by the Life Insurance Corporation of India ('LIC'). Provision for gratuity liabilities, pending remittance to the fund, is carried in the balance sheet. Actuarial gains and losses are charged to the profit and loss account.

O. Segment Accounting :

The Company has disclosed business segment as the primary segment. Segments have been identified taking into account the type of products, the differing risk and returns and the internal reporting system. The various segments identified by the Company comprised as under:-

- i) Manufacturing (G.P./G.C./C.C.L. Coils/Sheets/Lead Ingots/Aluminium Ingots)
- ii) Trading

P. Segment Accounting Policies :

Following accounting policies have been followed by the Company for the segment reporting:

- a) Segment revenue includes sales and other income directly identifiable with/ allocable to segment.
- b) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment results. The expenses, which relate to the Company as a whole and not allocable to segment, are included under un-allocable expenses.
- c) Income which relates to the Company as a whole and not allocable to segment is included under unallocable income.
- d) i) Segment Assets includes those assets directly identifiable with respective segments and employed by a segment in its operating activities, but does not include income tax assets.
ii) Segment liabilities includes those liabilities directly identifiable with respective segments and operating liabilities that results, from operating activities of a segment, but does not include income tax liabilities and financial liabilities.

iii) Unallocable corporate assets and liabilities represent the assets and liabilities that relate to Company as a whole and not allocable to any segment.

Q. Provisions, Contingent Liabilities and Contingent Assets :

Provisions is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

R. Inter unit Transfer :

a) Inter unit transfers of goods for internal use as captive consumption are not shown in the Profit and Loss account.

b) Any unrealized profit on unsold stocks is ignored while valuing inventories.

S. Cash Flow Statement :

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and demand deposits with banks.

T. Earnings Per Equity Share :

The earnings considered in ascertaining the companies earning per equity share comprise net profit after tax, preference dividend, tax on preference dividend and includes the post tax effect of any extra-ordinary/exceptional item is considered. The number of equity shares used in computing basic earnings per equity share is the weighted average number of shares outstanding during the year.

The number of equity shares used in computing diluted earnings per share comprises the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016

	As At 31.03.2016 (₹ in Lacs)	As At 31.03.2015 (₹ in Lacs)
1. SHARE CAPITAL		
Authorized :		
4,45,00,000 Equity Shares of ₹ 10 each with voting rights (Previous Year 4,45,00,000 Equity Shares of ₹ 10 each)	4,450.00	4,450.00
55,50,000 4% Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 55,50,000 4% Redeemable Cumulative Preference Shares of ₹ 100 each)	5,550.00	5,550.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued :		
4,45,00,000 Equity Shares of ₹ 10 each with voting rights (Previous Year 4,45,00,000 Equity Shares of ₹ 10 each)	4,450.00	4,450.00
55,01,022 4% Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 55,01,022 4% Redeemable Cumulative Preference Shares of ₹ 100 each)	5,501.02	5,501.02
	<u>9,951.02</u>	<u>9,951.02</u>
Subscribed and fully Paid up :		
4,45,00,000 Equity Shares of ₹ 10 each with voting rights (Previous Year 4,45,00,000 Equity Shares of ₹ 10 each)	4,450.00	4,450.00
55,01,022 4% Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 55,01,022 4% Redeemable Cumulative Preference Shares of ₹ 100 each)	5,501.02	5,501.02
	<u>9,951.02</u>	<u>9,951.02</u>

1.(a) The details of Shareholders holding more than 5% Shares :

Class of Shares / Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% held	No. of Shares	% held
Equity Shares				
APL International Private Limited	29,57,700	6.65	29,57,700	6.65



Class of Shares / Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% held	No. of Shares	% held
4% Redeemable Cumulative Preference Shares				
Trade Overseas Limited	21,66,283	39.38	21,66,283	39.38
Arab Asia Trading Inc.	28,59,739	51.99	28,59,739	51.99

1.(b) Reconciliation of Number of Shares :

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount (in ₹)	No. of Shares	Amount (in ₹)
Equity Shares				
Shares at the beginning of the year	4,45,00,000	44,50,00,000	4,45,00,000	44,50,00,000
Add - Shares issued during the year	---	---	---	---
Shares at the end of the year	4,45,00,000	44,50,00,000	4,45,00,000	44,50,00,000

4% Redeemable Cumulative Preference Shares

Shares at the beginning of the year	55,01,022	55,01,02,200	55,01,022	55,01,02,200
Add - Shares issued during the year	---	---	---	---
Shares at the end of the year	55,01,022	55,01,02,200	55,01,022	55,01,02,200

1.(c) Rights, preferences and restrictions attached to shares :

The Company has issued Equity shares with Voting rights only of Face value of ₹10 each and each share carries right to one vote. The Company issued 4% Cumulative Redeemable Preference Shares of Face value of ₹ 100 each. These shares are redeemable within the statutory permissible time period as per the terms of the issue. Such shares carries prior right to receive dividend over equity shareholders.



	As At 31.03.2016 (₹ in Lacs)	As At 31.03.2015 (₹ in Lacs)
2. RESERVES & SURPLUS		
Capital Reserve (Capital Subsidy)		
As per last Balance Sheet	32.67	32.67
	<u>32.67</u>	<u>32.67</u>
Securities Premium Reserve		
As per last Balance Sheet	5,957.34	5,957.34
	<u>5,957.34</u>	<u>5,957.34</u>
General Reserve		
As per last Balance Sheet	1,099.58	1,227.02
Less : Depreciation in respect of assets whose useful life is over*	---	127.44
*Pursuant to enactment of Schedule II of the Companies Act, 2013		
	<u>1099.58</u>	<u>1,099.58</u>
Profit & Loss Account		
As per last Balance Sheet	18,912.36	16,154.77
Add : Net Profit/(Net Loss) for the Current Year	2,814.29	3,015.03
Less : Proposed Dividend on Preference Shares	220.04	220.04
Less : Tax on Dividend	44.80	37.40
	<u>21,461.82</u>	<u>18,912.36</u>
TOTAL	<u>28,551.40</u>	<u>26,001.95</u>
3. LONG-TERM BORROWINGS		
Secured		
Term Loans from Banks	2,195.24	4,230.87
Less : Installment due within one year (Refer Note 9)	760.31	2,075.93
	<u>1,434.93</u>	<u>2,154.94</u>
TOTAL	<u>1,434.93</u>	<u>2,154.94</u>
Unsecured		
	---	500.00
TOTAL	<u>1,434.93</u>	<u>2,654.94</u>

(i) Installments falling due in respect of all the above loans upto 31.03.2017 have been grouped under "Current Maturities of Long Term Debt" (Refer Note 9).

(ii) Nature of Security and terms of repayment for long term secured borrowing :-

- (a) Nature of Security** : Term loans from Banks/Financial Institutions are secured by way of first mortgage of all immovable properties and hypothecation of all the Company's movables (save and except book debts and stock) including movable machinery, spares and tools both present and future ranking pari-passu inter-se subject to prior charge created/to be created in favour of the Banks/Financial Institutions on specified movable assets for securing borrowing for working capital requirements and personal guarantee of the Executive Chairman.



(b) Terms of Repayments :

Outstanding Loan Amount	Terms of Repayment
(i) IDBI BANK LTD. Term loan amounting to ₹ 2154.93 Lacs (31 st Mar, 2015 : ₹ 2874.93 Lacs)	Repayable in 20 Quarterly Installments commenced from 1 st April, 2014.
(ii) IDBI BANK LTD. Term loan amounting to ₹ Nil Lacs (31 st Mar, 2015 : ₹ 167 Lacs)	Repayable in 20 Quarterly Installments commenced from 30 th June, 2011.
(iii) IDBI BANK LTD. Term loan amounting to ₹ Nil Lacs (31 st Mar, 2015 : ₹ 157 Lacs)	Repayable in 20 Quarterly Installments commenced from 31 st May, 2011.
(iv) LIFE INSURANCE CORPORATION OF INDIA Term loan amounting to ₹ Nil Lacs (31 st Mar, 2015 : ₹ 62.5 Lacs)	Repayable in 20 Quarterly Installments commenced from 30 th June, 2011.
(v) STATE BANK OF INDIA Term loan amounting to ₹ 39.54 Lacs (31 st Mar, 2015 : ₹ 158.08 Lacs)	Repayable in 19 Quarterly Installments commenced from 30 th June, 2011.
(vi) STATE BANK OF HYDERABAD Term loan amounting to ₹ 0.77 Lacs (31 st Mar, 2015 : ₹ 274.80 Lacs)	Repayable in 20 Quarterly Installments commenced from 31 st May, 2011.
(vii) STATE BANK OF BIKANER AND JAIPUR Term loan amounting to ₹ Nil Lacs (31 st Mar, 2015 : ₹ 75.72 Lacs)	Repayable in 20 Quarterly Installments commenced from 30 th June, 2011.
(viii) EXPORT-IMPORT BANK OF INDIA Term loan amounting to ₹ Nil Lacs (31 st Mar, 2015 : ₹ 304.76 Lacs)	Repayable in 20 Quarterly Installments commenced from 28 th May, 2011.
(ix) EXPORT-IMPORT BANK OF INDIA Term loan amounting to ₹ Nil Lacs (31 st Mar, 2015 : ₹ 69 Lacs)	Repayable in 10 Half Yearly Installments commenced from 30 th Sept., 2011.
(x) EXPORT-IMPORT BANK OF INDIA Term loan amounting to ₹ Nil Lacs (31 st Mar, 2015 : ₹ 87.08 Lacs)	Repayable in 10 Half Yearly Installments commenced from 30 th Sept., 2011.



(₹ in Lacs)		
	As At 31.03.2016	As At 31.03.2015
4. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities for earlier year	3,061.74	3,111.65
Add/(Less) : Deferred Tax Assets for Current Year	57.44	(49.91)
TOTAL	3,119.18	3,061.74
5. OTHER LONG TERM LIABILITIES		
Sundry Creditors for Capital Goods	216.63	606.48
TOTAL	216.63	606.48
6. LONG TERM PROVISIONS		
Provision for compensated absences Long Term	236.50	238.24
TOTAL	236.50	238.24
7. SHORT TERM BORROWINGS		
Working Capital Loans from Banks		
Secured*	18,847.03	16,715.33
Unsecured	2,250.00	6,755.00
TOTAL	21,097.03	23,470.33
* Loans from Banks/Financial Institutions for Working Capital are secured by hypothecation of Company's entire stocks of raw materials, stock in process, finished goods, stores & spares, stock in transit, other current assets and second charge over entire fixed assets of the Company ranking pari-passu inter-se and personal guarantee of the Executive Chairman.		
8. TRADE PAYABLES		
Micro & Small Industries	14.52	12.83
Creditors for Supplies/Services	70,002.17	71,503.97
TOTAL	70,016.69	71,516.80

Trade Payable includes ₹ 64,889 Lacs towards acceptances (Previous Year ₹ 67,607 Lacs) and ₹ 14.52 Lacs (Previous Year ₹ 12.83 Lacs) due to Micro, Small and Medium Enterprises Undertakings.

As per the information available with the Company relating to the registration status of the suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said act disclosed as under :

(₹ in Lacs)		
Description	Current Year	Previous Year
The Principle Amount due outstanding as at 31 st , March	14.52	12.83
Interest due on (1) above and unpaid as at 31 st , March	---	---
Interest paid to the Supplier	---	---
Payment made to supplier beyond the appointed day during the year	---	---
Interest due and payable for the period of delay	---	---
Interest accrued and remaining unpaid as at 31 st , March	---	---
The Amount of further interest remaining due and payable in succeeding year	---	---



(₹ in Lacs)

	As At 31.03.2016	As At 31.03.2015
9. OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Debt (Refer Note 3)	760.31	2,075.93
Advances from Customers	1,768.72	1,224.69
Other Payable (includes Statutory Dues & Provision for Expenses)	<u>857.92</u>	<u>777.30</u>
TOTAL	<u>3,386.95</u>	<u>4,077.92</u>
10. SHORT TERM PROVISIONS		
Provision for Employee Benefits		
Provision for Bonus	35.08	10.97
Provision for Compensated Absences	0.13	90.24
Provision for other Employee Benefits	<u>173.16</u>	<u>222.61</u>
	<u>208.37</u>	<u>323.82</u>
Provision Others :		
Provision for Tax	2,618.00	1,792.00
Less : Advance Tax & TDS	<u>2,078.13</u>	<u>711.76</u>
	<u>539.87</u>	<u>1,080.24</u>
Provision for Proposed Preference Dividend	220.04	220.04
Provision for Tax on Proposed Dividend	44.80	37.40
Provision for Wealth Tax	---	1.10
	<u>264.84</u>	<u>258.54</u>
TOTAL	<u>1,013.08</u>	<u>1,662.60</u>

11. FIXED ASSETS

(₹ in Lacs)

S. Name of Assets No.	GROSS BLOCK (AT COST)				DEPRECIATION					NET BLOCK	
	Op. Balance As on 01.04.2015	Additions during the year	Deductions during the year	Total Gross Block As at 31.03.2016	Up to 31.03.2015	For the Year	Written Back	Depreciation of assets whose useful life is over	Up to 31.03.2016	As on 31.03.2016	As on 31.03.2015
Tangible Assets											
1 Free Hold Land	1,924.20	-	1,786.49	137.71	-	-	-	-	-	137.71	1,924.20
2 Lease Land	122.39	-	-	122.39	28.80	7.20	-	-	36.00	86.39	93.59
3 Buildings	5,911.00	108.45	-	6,019.45	2,054.27	214.50	-	-	2,268.78	3,750.68	3,856.73
4 Plant & Machinery	35,475.84	329.35	36.83	35,768.36	22,482.47	1,098.15	6.99	-	23,573.63	12,194.73	12,993.37
5 Furniture & Fixtures	354.41	0.36	-	354.77	271.12	29.68	-	-	300.80	53.97	83.29
6 Office Equipments	172.62	5.46	-	178.08	153.45	7.56	-	-	161.01	17.07	19.17
7 Computer	393.75	41.28	0.67	434.36	348.81	16.65	0.31	-	365.15	69.21	44.94
8. Vehicles	291.81	42.44	32.74	301.51	158.48	26.62	19.24	-	165.85	135.66	133.34
Current Year Total	44,646.02	527.35	1,856.73	43,316.64	25,497.40	1,400.37	26.55	-	26,871.23	16,445.41	19,148.62
Previous Year Total	45,933.13	935.48	2,222.59	44,646.02	25,726.26	1,464.07	1,807.10	114.18	25,497.40	19,148.62	20,206.87
Intangible Assets											
9 Computer Software	199.39	171.38	-	370.77	183.29	55.83	-	-	239.12	131.65	16.10
Current Year Total	199.39	171.38	-	370.77	183.29	55.83	-	-	239.12	131.65	16.10
Previous Year Total	178.24	21.16	-	199.39	105.78	64.25	-	13.26	183.29	16.10	72.46
Grand Current Year Total	44,845.41	698.73	1,856.73	43,687.41	25,680.69	1,456.20	26.55	-	27,110.34	16,577.07	19,164.72
Grand Previous Year Total	46,111.37	956.63	2,222.59	44,845.41	25,832.03	1,528.32	1,807.10	127.43	25,680.69	19,164.72	20,279.33
10. Capital Work in Progress										4,545.36	2,073.58

Note : Refer Note No. 20(i)



(₹ in Lacs)

As At
31.03.2016

As At
31.03.2015

12. NON-CURRENT INVESTMENTS

Non Trade Investment

(I) Investment in Equity Instruments

QUOTED

(i) In other entities

a. 2,07,500 Equity Shares of Ruchi Soya Industries Ltd. (Market Value ₹ 67,85,250/-)	24.90	24.90
b. 1,00,000 Equity Shares of Anik Industries Ltd. (Market Value ₹ 31,60,000/-)	25.00	25.00
c. 31,360 Equity Shares of IDBI Bank Ltd. (Market Value ₹ 21,79,520/-)	25.48	25.48
d. 7,020 Equity Share of State Bank of Travancore (Market Value ₹ 27,06,561/-)	8.19	3.51
	<u>83.57</u>	<u>78.89</u>

UNQUOTED

(i) In Associates

a. 320 Equity Shares of ₹ 10/- each fully paid up of NSIL Exports Ltd.	0.01	0.01
b. 10 Equity Shares of ₹ 10/- each fully paid up of NSIL Power Ltd.	0.00	0.00
c. 10 Equity Shares of ₹ 10/- each fully paid up of NSIL Infotech Ltd.	0.00	0.00
d. 13,33,332 Equity Shares of ₹ 10/- each fully paid up of Shreeyam Power and Steel Industries Limited* (Formerly Ruchi Power & Steel Industries Limited)	0.00	200.00

(ii) In Other Entities

a. 5,000 Equity Shares of ₹ 10/- each fully paid up of M.P. Industrial Parks Ltd.	0.50	0.50
--------------------------------------------------------------------------------------	-------------	------

TOTAL **0.51** 200.51

(II) Investment in quoted mutual fund

L352G SBI Dual Advantage Fund-Series-III-Regular-Growth (NAV ₹ 5,66,455)	5.00	5.00
TOTAL INVESTMENT	<u>89.08</u>	<u>284.40</u>

Aggregate cost of quoted investment	88.57	83.89
Market value of quoted investment	153.98	169.44
Aggregate cost of unquoted investment	0.51	200.51

* Refer Note No. 20(ii)

13. OTHER NON-CURRENT ASSETS

Unsecured, considered good

Security Deposits	281.41	242.33
Advance for Capital Goods	7.58	12.76
TOTAL	<u>288.99</u>	<u>255.09</u>



(₹ in Lacs)

	As At 31.03.2016	As At 31.03.2015
14. INVENTORIES		
Stock in Trade (At lower of Cost or net realisable value except realisable by products which are valued at net realisable value)		
(i) Raw Materials	5,524.24	12,095.48
(ii) Raw Materials (Goods in Transit)	3,391.25	14,573.67
(iii) Finished Goods (other than those acquired for trading)	14,092.99	13,552.31
(iv) Stock-in-Trade (acquired for Trading)	26,150.18	12,144.89
(v) Stores & Spares and Consumables	713.32	772.11
(vi) Scrap	337.14	326.69
TOTAL	50,209.12	53,465.15
15. TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding six months from the date they were due for payment		
- Considered Good	693.70	634.37
- Considered Doubtful	151.10	107.35
	<u>844.80</u>	<u>741.72</u>
Less: Provision for doubtful debts	151.10	107.35
	<u>693.70</u>	<u>634.37</u>
Other Debts - Considered Good	42,065.64	42,463.68
TOTAL	42,759.34	43,098.05
16. CASH AND CASH EQUIVALENTS		
Cash in hand	10.21	18.30
Balances with Banks	1,161.95	1,293.18
	<u>1,172.16</u>	<u>1,311.48</u>
Other Bank Balances		
Balances held as Margin Money with Banks	8,237.20	9,992.29
TOTAL	9,409.36	11,303.77
17. SHORT TERM LOANS AND ADVANCES		
Unsecured, considered good		
Loans and Advances to Employee	29.95	57.70
Advance to Suppliers	5,643.66	4,004.18
Prepaid Expenses	27.62	21.57
Deposits	226.22	156.74
Balances with Govt. Authorities & Others	8,874.40	9,097.23
TOTAL	14,801.85	13,337.42
18. OTHER CURRENT ASSETS		
Interest Receivables	---	43.07
Other Receivables	343.25	216.77
TOTAL	343.25	259.84
19. REVENUE FROM OPERATIONS		
Sale of Products	3,89,036.81	4,03,718.04
Other Operating Revenues	315.94	272.59
	<u>3,89,352.75</u>	<u>4,03,990.63</u>
Less : Excise Duty	14,322.05	15,603.37
TOTAL	3,75,030.70	3,88,387.26



	(₹ in Lacs)	
	Year ended 31.03.2016	Year ended 31.03.2015
Detail of Revenue from Operations		
Sale of Products :		
(A) Manufactured Goods		
Cold Rolled Coil/Sheet	6,063.87	12,891.86
Galvanised/Coated Steel Coil/Sheet & Others	96,472.42	1,22,678.61
Color Coated Coil/Sheets	77,067.29	69,223.97
Sale of Scrap	<u>6,736.34</u>	7,270.36
Sale of Power	106.94	90.81
Duty Drawback and Other Export Incentives	490.30	2,076.42
Job Work Charges received	4.68	58.84
SUB TOTAL (A)	<u>1,86,941.84</u>	<u>2,14,290.87</u>
(B) Traded Goods :		
Steel and Others	31,088.22	1,776.34
Agro	<u>1,71,006.75</u>	1,87,650.83
SUB TOTAL (B)	<u>2,02,094.97</u>	<u>1,89,427.17</u>
TOTAL(A+B)	<u>3,89,036.81</u>	<u>4,03,718.04</u>
Other Operating Revenues :		
Miscellaneous Sales	<u>315.94</u>	<u>272.59</u>
	<u>315.94</u>	<u>272.59</u>

Sale of Manufactured Goods includes export sales of ₹56,831.84 Lacs (Previous Year ₹ 64,145.19 Lacs)

Sale of Traded Goods includes export sales of ₹ Nil Lacs (Previous Year ₹ Nil Lacs)

20. OTHER INCOME

Dividend Income	0.92	0.56
Other non-operating Income	8.53	0.00
Profit/(Loss) on sale of Fixed Assets	2,442.59	0.00
Profit/(Loss) on sale of Investment	(198.67)	0.00
Net (Loss)/Gain on foreign currency transactions and translation	71.88	361.88
TOTAL	<u>2,325.25</u>	<u>362.44</u>

Note:

- i) During the year under review the Company has sold fixed assets for an amount of ₹4,273 Lacs and earned profit of ₹ 2,443 Lacs.
- ii) During the year under review the Company has sold 13,33,332 Equity Shares of Shreeyam Power and Steel Industries Limited at a price arrived on the basis of valuation report of an Independent Chartered Accountant. The Company has made loss of ₹ 199 Lacs on the sale of the said Equity Shares.

(₹ in Lacs)

	Year ended 31.03.2016	Year ended 31.03.2015
21. COST OF MATERIALS CONSUMED		
Opening Stock	26,669.15	17,135.35
Add: Purchases	1,17,779.27	1,64,497.22
	<u>1,44,448.42</u>	<u>1,81,632.57</u>
Less: Closing Stock	8,915.48	26,669.15
Cost of Materials Consumed	TOTAL <u>1,35,532.94</u>	<u>1,54,963.42</u>
Material Consumed Comprises		
Hot Rolled Coil & Others	1,02,594.39	1,20,852.83
Cold Rolled Coil	7,240.24	7,468.82
Zinc	20,571.96	21,630.27
Paint	5,126.35	5,011.50
	TOTAL <u>1,35,532.94</u>	<u>1,54,963.42</u>
Value of Import/Indigenous Raw Material, please refer Note no. 39(i)		
22. PURCHASE OF TRADED GOODS		
Steel Product and Others	30,504.05	3,080.06
Agro	1,81,279.06	1,85,429.68
	TOTAL <u>2,11,783.11</u>	<u>1,88,509.74</u>
23. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Inventories (at close)		
Finished Goods	14,092.99	13,552.31
Scrap and Waste	337.14	326.69
Stock-in-Trade - Traded Goods	26,150.18	12,144.89
	TOTAL <u>40,580.31</u>	<u>26,023.89</u>
Inventories (at commencement)		
Finished Goods	13,552.31	17,376.06
Scrap and Waste	326.69	218.15
Stock-in-Trade - Traded Goods	12,144.89	8,709.75
	TOTAL <u>26,023.89</u>	<u>26,303.96</u>
Net Increase/(Decrease)	<u>14,556.42</u>	<u>(280.07)</u>
24. EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	4,468.93	4,122.72
Contribution to Provident and Other Funds	187.78	208.73
Staff Welfare Expenses	132.77	137.18
	TOTAL <u>4,789.47</u>	<u>4,468.63</u>

Employee costs include Managerial remuneration of ₹ 146.01 Lacs paid to Mr. Santosh Shahra, Executive Chairman in excess of the permissible limits, under the Provision of Section 197 read with Schedule V of the Companies Act, 2013. The Company proposes to apply to the Central Government for the necessary approval and also to obtain approval of the members in the ensuing Annual General Meeting.



Defined Contribution Plan :

Contribution to Defined Contribution Plan is recognized as expense for the year as under:

	(₹ in Lacs)	
	<u>2015-16</u>	<u>2014-15</u>
Employer's Contribution to Provident Fund & F.P.F.	174.41	158.08
Employee's Insurance	4.36	4.47

Defined Benefit Plan :

(a) A General description of the Employees Benefit Plan:

The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

(b) Details of Defined Benefit Plan : As per Actuarial valuation are as follows :

(₹ in Lacs)

	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
	<u>2015-16</u>	<u>2015-16</u>	2014-15	2014-15
I. Reconciliation of opening and closing balances of Defined Benefit Obligations				
Defined Benefit Obligations at beginning of the year	734.61	327.43	615.56	191.32
Current Service Cost	63.16	114.66	45.80	14.09
Interest Cost	57.94	26.16	57.37	17.83
Actuarial (gain)/loss	(95.30)	(215.44)	58.02	162.63
Benefits paid	(18.81)	0.00	(42.14)	(58.44)
Defined Benefit Obligations at end of the year	741.60	252.81	734.61	327.43
II. Reconciliation of opening and closing balances of Fair value of Plan Assets				
Fair value of Plan Assets at beginning of the year	681.74	0.00	665.91	0.00
Expected Return on Plan Assets	55.74	0.00	62.06	0.00
Actuarial Gain/(Loss)	5.15	0.00	(4.09)	0.00
Adjustment to Opening Balance	(5.89)	0.00	0.00	0.00
Employer contribution	2.15	0.00	0.00	0.00
Benefits paid	(18.81)	0.00	(42.14)	0.00
Fair value of Plan Assets at end of the year	720.08	0.00	681.74	0.00
Total Actuarial Gain/(Loss) recognized during the year	100.45	0.00	62.12	0.00



(₹ in Lacs)

	Gratuity (Funded) 2015-16	Leave Encashment (Unfunded) 2015-16	Gratuity (Funded) 2014-15	Leave Encashment (Unfunded) 2014-15
III. Reconciliation of Fair Value of Assets and Obligations				
Fair value of Plan Assets	720.08	0.00	681.74	0.00
Present value of Obligation	741.60	(252.81)	734.61	(327.43)
Amount recognised in Balance Sheet	(21.52)	(252.81)	(52.87)	(327.43)

Note : Present value of obligation is more than fair value of plan assets hence such excess amount ₹ 21.52 lacs (previous year ₹ 52.87 lacs) recognized as liability in balance sheet.

IV. a) Expenses required to be recognized during the year as per actuarial certificate

Current Service Cost	63.16	114.66	45.80	14.09
Interest Cost	57.94	26.16	(4.69)	17.83
Expected Return on Plan Assets	(55.74)	0.00	0.00	0.00
Actuarial (Gain)/Loss	(100.45)	(215.44)	62.12	162.63
Net Cost	(35.09)	(74.62)	103.23	194.55

b) Expenses recognized during the year under the head "Employees Remuneration and Benefits"

In case of gratuity as per the actuarial certificate net cost required to recognized in the Profit and Loss Account is ₹ (35.09) Lacs (previous year ₹ 103.23 Lacs).

V. Actuarial Assumptions

	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)	2006-08 (Ultimate)
Mortality Table				
Discount Rate (Per Annum)	7.83%	7.83%	7.99%	7.99%
Expected Rate of Return on Plan Assets (Per Annum)	8.35%	8.35%	7.99%	7.99%
Rate of Escalation in salary (Per Annum)	8.75%	8.75%	10%	10%
Attrition Rate	2%	2%	2%	2%

VI. The major categories of plan assets as a percentage of the total plan assets

Insurer Managed Funds	100%	100%
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Note : The details of investment made by the insurer is not readily available with the Company. The estimates of Rate of Escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

As the investment is with the insurance company, list of investment is not available so expected return is assumed to be taken from benchmark rate available on government securities for the tenure of 15 years i.e. the average future service calculated individually.



	(₹ in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
25. FINANCE COST		
Interest Expense on :		
Term Loan	477.50	723.95
Working Capital Loan including bill discounting charges	13,262.99	12,917.57
Less : Interest received	<u>1,459.62</u>	<u>1,347.89</u>
TOTAL	<u>12,280.87</u>	<u>12,293.63</u>
26. OTHER EXPENSES		
Consumption of Stores and Spare Parts*	1,312.85	1,173.18
Consumption of Packing Materials	2,080.25	2,114.54
Power and Fuel	7,546.13	6,749.72
Rent including Lease Rentals	429.00	352.34
Repairs and Maintenance - Buildings	42.57	80.92
Repairs and Maintenance - Plant & Machinery	214.38	222.00
Repairs and Maintenance - Others	15.23	19.17
Insurance	156.06	124.44
Rates and Taxes	183.73	199.44
Water and Electricity Charges	38.05	29.82
Travelling and Conveyance Expenses	327.15	312.30
Expenses on Export	5,738.16	6,312.70
Postage, Telegram & Telephone Expenses	67.01	67.34
Freight & Cartage Outward	2,421.49	2,233.41
Other Selling Expenses	828.02	871.84
Advertisement & Publicity	133.11	130.14
Donations and Contributions	3.08	0.00
Legal & Professional Charges	239.78	299.88
Remuneration to Auditors		
- Statutory	6.30	5.50
- Tax Audit Fees	0.90	0.75
- Other Services	3.80	1.50
- Reimbursement of Expenses	<u>1.53</u>	<u>1.12</u>
Loss/(Profit) on Fixed Assets Sold / Scrapped / Written off	0.00	271.82
Provision for Doubtful Trade receivables	43.74	9.80
Prior Period Items (net)	0.00	0.06
Corporate Social Responsibility (CSR) Activity	88.63	35.00
Miscellaneous Expenses	<u>320.32</u>	<u>247.46</u>
TOTAL	<u>22,241.27</u>	<u>21,866.19</u>

* Value of Import/Indigenous Stores & Spares, please refer Note no. 39(ii)



27. Contingent Liabilities not provided for

(₹ in Lacs)

	<u>2015-16</u>	<u>2014-15</u>
a) Outstanding Bank Guarantees	685.42	583.12
b) Disputed Liabilities not acknowledged as debts	1,876.68	254.75
c) Estimated amount of contracts remaining to be executed on Capital Account (net of advance)	17.52	27.86
d) Corporate guarantee given on behalf of Associate	7,465.00	7,465.00

28. During the year the Company has paid an amount of ₹ 26.54 Lacs as lease rent, charged to Profit & Loss Account (Previous Year ₹ 25.29 Lacs).

29. The Company is carrying the Electrical Turnkey project. During the year total Contract Revenue recognized is ₹ 651.42 Lacs.

Disclosure under Accounting Standard-7 "Construction Contracts"

(₹ in Lacs)

	<u>2015-16</u>
Contract revenue recognized as revenue in the period	651.42
Contract costs incurred	628.94
Recognized Profit	22.47
Advances received	0.00
Gross amount due from Customers for Contract work	109.27

30. Balances of debtors, creditors, deposits and advances are partly confirmed.

31. Segment Reporting :

a) Business Segments

(₹ in Lacs)

Particulars	31.03.2016		31.03.2015			
	Manufacturing Segment	Trading Segment	Total	Manufacturing Segment	Trading Segment	Total
Segment Revenue	1,87,257.78	2,02,094.97	3,89,352.75	2,14,563.46	1,89,427.17	4,03,990.63
Less : Excise Duty	---	---	(14,322.05)	---	---	(15,603.37)
Net Segment Revenue	---	---	3,75,030.70	---	---	3,88,387.26
Unallocable Other Income	---	---	2,325.25	---	---	362.44
Segment Results	10,245.42	3,675.05	13,920.47	14,614.68	4,038.30	18,652.98
Less: Unallocable Expenses:						
Interest & Finance Charges	---	---	12,280.87	---	---	12,293.63
Other Unallocable Expenses	---	---	136.34	---	---	1,882.09
Profit(+) / Loss(-) before Tax	---	---	3,828.51	---	---	4,839.70
Less: Provision for :-						
Income Tax	---	---	956.78	---	---	1,874.58
Deferred Tax	---	---	57.44	---	---	(49.91)
Profit(+) / Loss(-) after Tax	---	---	2,814.29	---	---	3,015.03
Segment Assets	97,166.03	41,449.83	1,38,615.86	1,07,805.89	35,139.29	1,42,945.18
Unallocable Assets	---	---	407.56	---	---	296.84
Segment Liabilities	38,394.72	35,008.92	73,403.64	46,037.26	29,557.46	75,594.72
Unallocable Liabilities	---	---	1,013.08	---	---	1,662.60
Capital Expenditure	---	---	698.73	---	---	956.63
Segment Depreciation	---	---	1,456.20	---	---	1,528.32



(₹ in Lacs)

b) Geographical Segments

Particulars	31.03.2016	31.03.2015
Domestic Revenue	3,32,520.91	3,39,845.44
Export Revenue	56,831.84	64,145.19

- 32.** Related party disclosures as per Accounting Standard - 18 are given below :-
Disclosure of related parties with whom transactions entered as per AS-18.

A. Relationships

- a) Key Management Personnel and their relatives :
- Mr. Santosh Shahra, Executive Chairman
 - Mrs. Usha Devi Shahra, wife of Executive Chairman
 - Mr. Vishesh Shahra, son of Executive Chairman
 - Mrs. Aditi Gowani, daughter of Executive Chairman
 - Santosh Shahra HUF
 - Mr. P. Srikrishna, Managing Director (Upto 31st March, 2016)
 - Mr. Nagalingam Goli, CEO (Appointed w.e.f. 31st August, 2015)
 - Mr. Anil Nawal, CFO (Resigned w.e.f. 31st August, 2015)
 - Mr. Ashok Sharma, CFO (Appointed w.e.f. 1st September, 2015 and resigned w.e.f. 31st January, 2016)
 - Mr. Mahesh Jain, CFO (Appointed w.e.f. 12th February, 2016)
 - Mr. Bharat Singh, Company Secretary (Resigned w.e.f. 30th April, 2015)
 - Mr. Pankaj Gupta, Company Secretary (Appointed w.e.f. 28th May, 2015)
- b) Other related parties where control exists :
- Shreeyam Power and Steel Industries Limited
 - Shahra Brothers Private Limited
 - NSIL Infotech Limited
 - NSIL Exports Limited
 - Shri Mahadeo Shahra Sukrat Trust
 - NSIL Power Limited
 - Ruchi Power Corporation Limited
 - Samidha Foods Private Limited



- B.** Transactions carried out with related parties referred in 32-A above, in the ordinary course of business :

(₹ in Lacs)

Nature of Transactions	31.03.2016		31.03.2015	
	<u>Related Parties</u>		<u>Related Parties</u>	
	Referred in 32-A (a)	Referred in 32-A (b)	Referred in 32-A (a)	Referred in 32-A (b)
Purchases/Expenses	160.69	888.43	49.87	904.69
Remuneration	452.19	---	447.80	---
Sales	---	17,043.39	---	28,154.12
Guarantee given on behalf of Associate	---	7,465.00	---	7,465.00
Payable	---	2,709.25	---	542.66

- 33. Earning Per Equity Share (EPS)** computed in accordance with Accounting Standard 20:

(₹ in Lacs)

Particulars	31.03.2016	31.03.2015
Profit after Tax	2,814.29	3,015.03
Less : Dividend & Dividend Tax on Preference Share	264.84	257.44
Profit attributable to equity holders	2,549.45	2,757.59
Number of Equity Shares Issued	4,45,00,000	4,45,00,000
Basic / Diluted EPS (in ₹)	5.73	6.20

- 34. Managerial Remuneration**

(₹ in Lacs)

Particulars	2015-16	2014-15
Salary	207.40	254.26
Allowances & Others	90.22	93.11
Provident Fund	24.89	27.46
Sitting Fee	2.22	2.11
TOTAL	324.73	376.94



(₹ in Lacs)

	As At 31.03.2016	As At 31.03.2015
35.(a) Major components of Deferred Tax		
Liabilities :		
Depreciation	3,219.24	3,180.18
Assets :		
Retirement benefits & other	(100.06)	(118.44)
Net Deferred Tax Liability	<u>3,119.18</u>	<u>3,061.74</u>
(b) Deferred Tax charge for the year		
Opening Deferred Tax Liability	3,061.74	3,111.66
Less : Closing Deferred Tax Liability	3,119.18	3,061.74
Deferred Tax charge for the year	<u>57.44</u>	<u>(49.91)</u>

36. The figures of previous year have been regrouped wherever necessary to conform the Current years classification.

37. Financial and Derivative Instruments

(a) Forward Contracts entered by the Company :

Particulars	No. of Contracts	Amount in F.C.	Amount in INR
Covered against Import	63	USD 3,61,46,267	2,39,50,51,635
Covered against Export	13	USD 58,76,534	38,93,79,167

(b) Forward Currency exposure which are not hedged as at Balance Sheet date :

Currency	Payable	Receivable	Net
USD	2,74,60,066	1,26,09,539	1,48,50,527

38. Capital Work-in-Progress :

Expenses incurred towards ongoing projects under various capital assets are as under :

(₹ in Lacs)

Particulars	As at 31.03.2016	As at 31.03.2015
Building, Site Development Expenses, etc.	267.33	209.92
Plant and Machinery	4,081.96	1,726.35
Preoperative Expenses	196.07	137.31
TOTAL	<u>4,545.36</u>	<u>2,073.58</u>

39. Value of imported & Indigenous Raw Materials and Stores & Spares Consumed

(₹ in Lacs)

Particulars	Year ended 31.03.2016		Year ended 31.03.2015	
		%		%
i) Raw Materials :				
Imported	54,682.89	40.35	49,228.60	31.77
Indigenous	80,850.05	59.65	1,05,734.82	68.23
	<u>1,35,532.94</u>	<u>100.00</u>	<u>1,54,963.42</u>	<u>100.00</u>
ii) Stores & Spares :				
Imported	74.56	5.68	61.97	5.28
Indigenous	1,238.29	94.32	1,111.21	94.72
	<u>1,312.85</u>	<u>100.00</u>	<u>1,173.18</u>	<u>100.00</u>

(₹ in Lacs)

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
A) Value of Import on CIF basis:		
i) Raw Materials	49,807.20	47,308.05
ii) Capital Goods and Consumables	2,075.18	1,790.58
iii) Traded Goods	63,893.84	66,837.22
B) Expenditure in Foreign Currency:		
i) Travelling Expenses	20.95	34.82
ii) Commission & Others	141.64	482.20
iii) Consumables	110.18	58.83
C) Remittance in Foreign Currency:		
Dividend	220.04	220.04
D) Earnings in Foreign Currency		
Export on F.O.B. Value	53,876.45	55,616.30

As per our report of even date attached

For and on behalf of the Board of Directors

For **Gupta Saharia & Co.**
Chartered Accountants
FRN-103446W

Mahesh Jain
Chief Financial Officer

Santosh Shahra
Executive Chairman
DIN - 00305846

CA Suresh Saharia
Partner
Membership No. 040180

Pankaj Gupta
Company Secretary

Nagalingam Goli
Managing Director
DIN - 03317130

Place : Indore
Dated : 27th May, 2016

Place : Indore
Dated : 27th May, 2016



**NATIONAL STEEL
AND AGRO INDUSTRIES LIMITED**
Certified ISO 9001 : 2008
Certified ISO 14001 : 2004

If Undelivered Please Return to :

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