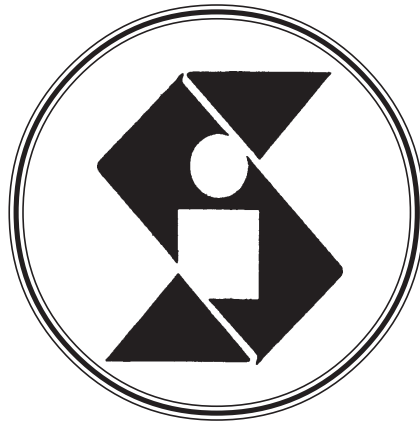


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**SATHAVAHANA ISPAT LIMITED**



**26<sup>TH</sup>**  
**ANNUAL REPORT**  
**2014 - 15**

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AGM	:	26 <sup>th</sup> Annual General Meeting.
Day and Date	:	Wednesday, the 30 <sup>th</sup> September, 2015
Time	:	03.00 p.m.
Venue	:	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad - 500 038
Cut off Date / Record Date	:	15.09.2015
Date of Book Closure		
i) Physical Mode	:	16.09.2015 to 30.09.2015 (both days inclusive)
ii) Electronic Mode	:	15.09.2015
ISIN No.	:	INE 176C01016
Listing	:	BSE Limited (BSE) (Stock Code : 526093) National Stock Exchange of India Limited (NSE) (Stock Code : sathaispat)

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## General Corporate Information

<b>BOARD OF DIRECTORS:</b>	Shri K.Thanu Pillai	Chairman
	Shri A.S.Rao	Executive Vice Chairman
	Shri Syed Anis Hussain	Director
	Shri S.N.Rao	Director
	Smt Y.Prameela Rani	Director
	Shri M.S.Rama Mohan Rao	Director
	Shri A. Naresh Kumar	Managing Director
<b>CFO &amp; COMPANY SECRETARY</b>	Shri K.V. Krishna Rao	
<b>AUDITORS:</b>	M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad	
<b>SECRETARIAL AUDITORS:</b>	M/s D.Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad	
<b>COST AUDITORS:</b>	M/s S. Mahadevan & Co., Practicing Cost Accountants, Coimbatore	
<b>BANKERS:</b>	State Bank of Hyderabad Canara Bank Andhra Bank	
<b>REGISTERED OFFICE:</b>	314, Sri Ramakrishna Towers, Nagarjuna Nagar, Ameerpet, Hyderabad - 500 073 Telangana	
<b>CORPORATE OFFICE &amp; SECRETARIAL DEPARTMENT:</b>	505, 5th Floor, Block - 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016 Telangana	
<b>SHARE TRANSFER AGENTS:</b>	M/s. XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034, Telangana	
<b>WORKS:</b>	1. Haresamudram Village, Bommanahal Mandal, Anantapuramu District, Andhra Pradesh. 2. Kudithini Village, Korugodu Road, Bellary District, Karnataka.	

**NOTICE OF 26<sup>TH</sup> ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 26<sup>th</sup> Annual General Meeting of the shareholders of **SATHAVAHANA ISPAT LIMITED** will be held at Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad – 500 038 on Wednesday, the 30<sup>th</sup> September, 2015 at 3.00 p.m. to transact the following business:

**AS ORDINARY BUSINESS:**

- To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2015 along with the Reports of Directors and Auditors thereon.
- To appoint a Director in place of Shri A.S.Rao (DIN:00899415) who retires by rotation and being eligible, offers himself for reappointment as Director.
- To ratify the appointment of Auditors under Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and fix their remuneration. The Auditors M/S.P.V.R.K.Nageswara Rao & Co., Chartered Accountants, Hyderabad, (Firm's Registration Number: 002283S) are eligible for ratification of appointment.

To consider and, if thought fit, to pass the following resolution, with or without any modifications as an **ORDINARY RESOLUTION:**

"RESOLVED that, pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made thereunder as amended from time to time and for the time being in force, the appointment of M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad, (Firm's Registration Number: 002283S) as Auditors of the Company to hold office from conclusion of this Annual General Meeting till the conclusion of twenty seventh Annual General Meeting, be and is hereby ratified on a remuneration including Service Tax and travelling/ out of pocket expenses to be mutually agreed upon by the Board of Directors of the Company and the Auditors".

**AS SPECIAL BUSINESS:**

- To appoint Dr. Shailendra Dasari (DIN: 07263439) as Director and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**  
"RESOLVED that Dr. Shailendra Dasari (DIN: 07263439) who has submitted a declaration that

he meets the criteria as provided in Section 152 of the Companies Act 2013 for appointment as a Director and who is eligible for appointment pursuant to the provisions of Sections 160, 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under, as amended from time to time, further read with Articles of Association of the Company and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company for a period of three years with effect from 1<sup>st</sup> October, 2015 to 30<sup>th</sup> September, 2018."

- To re-appoint Shri A.S.Rao (DIN:00899415) as Executive Vice Chairman and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED that pursuant to the provisions of Sections 2 (78), 2 (94), 196, 197 and 203, read with Schedule V and other applicable provisions if any, of the Companies Act, 2013, and Companies (Appointment and Remuneration of Managerial personnel) Rules 2014, approval be and is hereby accorded to the appointment of Shri A.S.Rao (DIN:00899415) Executive Vice Chairman for a period of three years effect from 27.07.2015 to 26.07.2018 on the following remuneration:

- SALARY :**  
Salary of Rs.3,10,000/- per month in the scale of Rs.3,10,000 - 50,000 – 4,60,000 per month.
- PERQUISITES :**  
The following perquisites may be allowed in addition to salary.

**CATEGORY A:**

- Housing I : The expenditure incurred by the Company on hiring furnished accommodation which will be subject to the following ceiling: Sixty percent of the salary over and above ten percent payable by the appointee;

Or

Housing II : In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company; or

In case no accommodation is provided by the Company a House Rent Allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 and shall be subject to a ceiling of ten percent of salary of the appointee.

- ii. Medical Reimbursement: Expenses incurred for self and dependent family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii. Leave Travel Concession for self and family, once in a year incurred in accordance with any rules specified by the Company.
- iv. Club fee subject to a maximum of two Clubs. This will not include admission and life membership fee.
- v. Personal accident insurance the premium of which shall not exceed Rs.1,00,000/- per annum.
- vi. Medical Insurance premium for self and dependent family the premium of which shall not exceed Rs. 50,000/- per annum.

**CATEGORY B:**

- i. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- iii. Encashment of leave at the end of the tenure.

**CATEGORY C:**

Provision of car for use on Company's business and telephone at residence / mobiles. Personal long distance calls on telephone and the use of car for private purpose shall be billed by the Company to the appointee.

**3. COMMISSION:**

1% commission on the net profits of the Company computed in the manner laid down in Section 197 read with Schedule V of the Companies Act, 2013.

**4. MINIMUM REMUNERATION:**

In the event of losses or inadequacy of profits during the period of appointment, the appointee is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act 2013".

**5. REMUNERATION TENOR AND CEILING:**

The remuneration fixed herein is for a period of three years from 27.07.2015 to 26.07.2018 and the Board of Directors of the Company be and is hereby authorised to vary or modify the terms of remuneration in the said tenure without any further reference to the Company in General Meeting subject to however that the overall remuneration payable to the appointee is within the ceiling limits laid down in Section 197 read with Schedule V to the Companies Act 2013."

"RESOLVED further that the office of Executive Vice Charman held by Shri A.S.Rao pursuant to this resolution is liable to determination by retirement of Directors by rotation".

**6. To appoint Dr. Shailendra Dasari (DIN: 07263439) as Executive Director (Operations) and in this regard to consider and if thought fit, to pass, with or without modification (s) the following resolution as a **SPECIAL RESOLUTION:****

"RESOLVED that pursuant to the provisions of Sections 2 (78), 2 (94), 197 and 203, read with Schedule V and other applicable provisions if any, of the Companies Act, 2013, approval be and is hereby accorded to the appointment of Dr. Shailendra Dasari (DIN: 07263439), as Executive Director (Operations) for a period of three years effect from 01.10.2015 to 30.09.2018 on the following remuneration.

**1. SALARY :**

Salary of Rs.2,00,000/- per month in the scale of Rs.2,00,000 - 50,000 – 3,00,000 per month.

**2. PERQUISITES :**

The following perquisites may be allowed in addition to salary.

**CATEGORY A:**

- i. Housing: The expenditure incurred by the Company on hiring furnished accommodation which will be subject to the following ceiling:

Sixty percent of the salary over and above ten percent payable by the appointee;

Or

In case no accommodation is provided by the Company a House Rent Allowance subject to the ceiling laid down in the above.

Explanation: Where accommodation is owned by the Company, the appointee is not entitled to the above housing perquisite. In all the above cases, the expenditure incurred by the Company on free housing, gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 and shall be subject to a ceiling of ten percent of salary of the appointee.

- ii. Medical Reimbursement : Expenses incurred for self and dependent family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii. Leave Travel Concession for self and dependent family, once in a year incurred in accordance with any rules specified by the Company.
- iv. Personal Accident Insurance the premium of which shall not exceed Rs.50,000/- per annum.
- v. Medical Insurance premium for self and dependent family the premium of which shall not exceed Rs. 25,000/- per annum.

**CATEGORY B:**

- i. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act, 1961.
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- iii. Encashment of leave at the end of the tenure.

**CATEGORY C:**

Provision of car for use on Company's business and telephone at residence / mobiles. Personal long distance calls on telephone and the use of car for private purpose shall be billed by the Company to the appointee.

**3. MINIMUM REMUNERATION:**

In the event of losses or inadequacy of profits during the above period, the appointee is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act 2013".

**4. REMUNERATION TENOR AND CEILING:**

The remuneration fixed herein is for a period of three years from 1<sup>st</sup> October 2015 to 30<sup>th</sup> September 2018 and the Board of Directors of the Company be and is hereby authorised to vary or modify the terms of remuneration in the said period without further reference to the Company in General Meeting subject to however that the overall remuneration payable to the appointee is within the ceiling limits laid down in Section 197 read with Schedule V to the Companies Act 2013."

"RESOLVED further that the office of Executive Director (Operations) held by Dr. Shailendra Dasari pursuant to this resolution is liable to determination by retirement of Directors by rotation".

7. To approve/fix the remuneration payable to Cost Auditors, M/s. S. Mahadevan & Co., (Firm's Registration Number:00007) for the year ending 31<sup>st</sup> March 2016 and in this regard to consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION:**

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Cost Auditors, M/s. S. Mahadevan & co., Practicing Cost Accountants (Firm's Registration Number:00007) be and hereby, based on the recommendation of the Audit Committee, appointed as Cost Auditor of the Company to conduct Cost Audit of the Cost Records of the Company for the financial year ending 31<sup>st</sup> March 2016 and be paid a remuneration of Rs.4.50 lakhs (Rupees four lakhs fifty thousand only) plus Service Tax and travelling / out of pocket expenses at actuals.

RESOLVED further that the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

By order of the Board

Hyderabad  
Date: 14.08.2015

(A. NARESH KUMAR)  
MANAGING DIRECTOR  
(DIN:00112566)

CIN:L27109TG1989PLC010654  
Regd. Office: 314, Sri Ramakrishna Towers,  
Nagarjuna Nagar, Hyderabad – 500 073, Telangana

**NOTES:**

- 1) EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 IS ANNEXED.
- 2) THE RELEVANT DETAILS OF DIRECTORS, AS REQUIRED BY CLAUSE 49 OF THE LISTING AGREEMENTS ENTERED INTO WITH THE STOCK EXCHANGES, SEEKING Re-APPOINTMENT UNDER ITEM NO. 2 ABOVE AND ALSO OF THOSE GETTING APPOINTED UNDER ITEM NOS. 4 TO 7 ARE ANNEXED.
- 3) IN COMPLIANCE WITH PROVISIONS OF SECTION 108 OF THE COMPANIES ACT 2013 READ WITH THE RULES MADE THERE UNDER AND CLAUSE 35B OF THE EQUITY LISTING AGREEMENTS ENTERED INTO, THE COMPANY IS FACILITATING REMOTE E-VOTING OPTION FOR ITS MEMBERS TO ENABLE THEM TO CAST THEIR VOTES ELECTRONICALLY. MEMBERS HAVE OPTION TO VOTE EITHER THROUGH REMOTE E-VOTING OR THROUGH THE PHYSICAL BALLOT PAPER. IF A MEMBER HAS OPTED FOR REMOTE E-VOTING, THEN HE/SHE SHOULD NOT VOTE BY PHYSICAL BALLOT ALSO AND VICE-VERSA. HOWEVER, IN CASE MEMBERS CAST THEIR VOTE BOTH VIA PHYSICAL BALLOT AND REMOTE E-VOTING, THEN VOTING THROUGH REMOTE E-VOTING SHALL PREVAIL AND VOTING DONE BY PHYSICAL BALLOT SHALL BE TREATED AS INVALID. FOR THE PURPOSE OF REMOTE E-VOTING, THE COMPANY HAS SIGNED AN AGREEMENT WITH THE CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED ("CDSL") FOR FACILITATING REMOTE E-VOTING.
- 4) A MEMBER DESIRING TO EXERCISE VOTE BY PHYSICAL BALLOT SHALL FILL IN AND COMPLETE IN ALL RESPECTS THE BALLOT PAPER DULY CHECK (Ü) MARKED WITH ASSENT (FOR) OR DISSENT (AGAINST) AND SIGN (AS PER SPECIMEN SIGNATURE REGISTERED WITH THE COMPANY) AND SEND THE SAME TO THE SCRUTINIZER IN THE SELF-ADDRESSED BUSINESS REPLY ENVELOPE.
- 5) THE PHYSICAL BALLOT NOTICE IS BEING SENT TO ALL THE MEMBERS, WHOSE NAMES APPEAR IN THE REGISTER OF MEMBERS / LIST OF BENEFICIAL OWNERS RECEIVED FROM NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL)/ CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED AS ON 22<sup>ND</sup> AUGUST, 2015.
- 6) VOTING RIGHTS SHALL BE RECKONED IN PROPORTION TO THE PAID-UP EQUITY SHARES REGISTERED IN THE NAME OF THE MEMBER AS ON CUT OFF DATE / RECORD DATE 15<sup>TH</sup> SEPTEMBER, 2015.
- 7) RESOLUTIONS PASSED BY THE MEMBERS THROUGH PHYSICAL BALLOT ARE DEEMED TO HAVE BEEN PASSED EFFECTIVELY AT THE ANNUAL GENERAL MEETING OF THE MEMBERS. THE SPECIAL RESOLUTION SHALL BE DECLARED AS PASSED IF THE NUMBER OF VOTES CAST IN FAVOUR OF THE SPECIAL RESOLUTION IS NOT LESS THAN THREE TIMES THE NUMBER OF VOTES CAST AGAINST THE SPECIAL RESOLUTION. THE ORDINARY RESOLUTION SHALL BE DECLARED AS PASSED IF THE NUMBER OF VOTES CAST IN FAVOUR OF THE ORDINARY RESOLUTION IS MORE THAN THE VOTES CAST AGAINST THE ORDINARY RESOLUTION.
- 8) A MEMBER ENTITLED TO ATTEND AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. MEMBER INTENDING TO APPOINT A PROXY SHOULD COMPLETE THE PROXY FORM FURNISHED ELSEWHERE AND DEPOSIT IT AT THE COMPANY'S CORPORATE OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. CORPORATE MEMBERS WISHING TO DEPUTE THEIR AUTHORISED REPRESENTATIVES ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF BOARD RESOLUTION AUTHORIZING THEIR REPRESENTATIVES TO ATTEND AT THE GENERAL MEETING.
- 9) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM **16.09.2015 TO 30.09.2015** (BOTH DAYS INCLUSIVE) FOR TRANSFERS IN PHYSICAL MODE AND ON CLOSING OF **15.09.2015** FOR ELECTRONIC MODE FOR DETERMINING THE NAMES OF MEMBERS ELIGIBLE FOR THE PURPOSE OF ANNUAL GENERAL MEETING. THE VOTING RIGHTS OF MEMBERS SHALL BE IN PROPORTION TO THEIR SHARES IN THE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY AS ON THE CUT-OFF DATE / RECORD DATE OF 15<sup>TH</sup> SEPTEMBER, 2015. ANY PERSON, WHO ACQUIRES SHARES OF THE COMPANY AND BECOMES A MEMBER OF THE COMPANY AFTER DISPATCH OF THE NOTICE AND HOLDING SHARES AS OF THE CUT OFF DATE / RECORD DATE OF 15<sup>TH</sup> SEPTEMBER 2015, MAY OBTAIN USER ID AND PASSWORD BY SENDING A REQUEST AT [SATHAVAHANA@ETH.NET](mailto:SATHAVAHANA@ETH.NET) OR AT [XLFIELD@GMAIL.COM](mailto:XLFIELD@GMAIL.COM)

- 10) THE MEMBERS WHO HAVE SO FAR NOT ENCASHED THEIR DIVIDEND WARRANTS RELATING TO THE DIVIDEND DECLARED FOR THE FINANCIAL YEARS ENDING 31<sup>ST</sup> MARCH, 2008, 31<sup>ST</sup> MARCH 2009, 31<sup>ST</sup> MARCH 2010, AND 31<sup>ST</sup> MARCH 2011 MAY APPROACH THE COMPANY WITHOUT ANY FURTHER DELAY FOR THE PAYMENT OF THE SAID WARRANTS. PURSUANT TO PROVISIONS OF SECTION 205C OF THE COMPANIES ACT, 1956 AND / OR SECTION 125 OF THE COMPANIES ACT 2013 AS AND WHEN NOTIFIED AND AS AMENDED FROM TIME TO TIME THE UNCLAIMED DIVIDEND AT THE END OF SEVEN YEARS WILL HAVE TO BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND MAINTAINED BY THE CENTRAL GOVERNMENT, WHEREBY THE MEMBERS WILL NOT BE ABLE TO CLAIM THE SAID DIVIDEND THEREAFTER. **ACCORDINGLY THE UNCLAIMED DIVIDEND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2008, 31<sup>ST</sup> MARCH 2009, 31<sup>ST</sup> MARCH 2010, AND 31<sup>ST</sup> MARCH 2011 WILL HAVE TO BE CLAIMED BY THE SHAREHOLDERS ON OR BEFORE 29<sup>TH</sup> SEPTEMBER 2015, 29<sup>TH</sup> SEPTEMBER 2016, 29<sup>TH</sup> SEPTEMBER 2017, AND 29<sup>TH</sup> SEPTEMBER 2018 RESPECTIVELY AND THEREAFTER IT WILL BE TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND ON OR BEFORE 28<sup>TH</sup> OCTOBER 2015, 28<sup>TH</sup> OCTOBER 2016, 28<sup>TH</sup> OCTOBER 2017, AND 28<sup>TH</sup> OCTOBER 2018 AS THE CASE MAY BE.** THE COMPANY HAS NOT DECLARED ANY DIVIDEND FOR THE YEAR ENDING 31<sup>ST</sup> MARCH 2012; 31<sup>ST</sup> MARCH 2013; 31<sup>ST</sup> MARCH 2014 AND 31<sup>ST</sup> MARCH 2015.
- 11) MEMBERS DESIROUS OF SEEKING CLARIFICATIONS ON ACCOUNTS ARE REQUESTED TO SEND THEIR QUERIES TO THE CORPORATE OFFICE ADDRESS OF THE COMPANY AT LEAST SEVEN DAYS BEFORE THE DATE OF THE ANNUAL GENERAL MEETING TO ENABLE THE COMPANY TO COMPILE AND FURNISH REQUIRED INFORMATION.
- 12) THE SHAREHOLDERS HOLDING SHARES IN PHYSICAL MODE ARE REQUESTED TO INTIMATE IMMEDIATELY ANY CHANGE IN THEIR ADDRESS REGISTERED WITH THE COMPANY TO THE SHARE TRANSFER AGENTS M/S XL SOFTECH SYSTEMS LIMITED, #3, SAGAR SOCIETY, ROAD NO.2, BANAJARA HILLS, HYDERABAD – 500 034. MEMBERS ARE ALSO REQUESTED TO UPDATE THEIR EMAIL IDS IN ORDER TO COMMUNICATE SPEEDILY AND AS A PART OF GREEN INITIATIVE.
- 13) THE SHAREHOLDERS ARE HEREBY REQUESTED THAT ALL THE CORRESPONDENCE IN CONNECTION WITH THE SHARES BE ADDRESSED TO THE SHARE TRANSFER AGENTS OF THE COMPANY M/S XL SOFTECH SYSTEMS LIMITED, #3, SAGAR SOCIETY, ROAD NO.2, BANAJARA HILLS, HYDERABAD – 500 034, EMAIL: xlfield@gmail.com OR TO THE SECRETARIAL DEPARTMENT OF THE COMPANY AT 505, 5<sup>TH</sup> FLOOR, BLOCK-1, DIVYASHAKTI COMPLEX, AMEERPET, HYDERABAD – 500 016 EMAIL [SATHAVAHANA@ETH.NET](mailto:SATHAVAHANA@ETH.NET)
- 14) PURSUANT TO THE DIRECTIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) THE SHARES OF THE COMPANY ARE TO BE COMPULSORILY TRADED IN DEMAT MODE W.E.F 26<sup>TH</sup> FEBRUARY, 2001. MEMBERS HOLDING SHARES IN PHYSICAL MODE MAY THEREFORE, CONVERT THEIR EQUITY HOLDINGS OF THE COMPANY INTO DEMAT MODE BY OPENING THE DEMAT ACCOUNTS WITH DEPOSITORY PARTICIPANTS WHO ARE ACTING AS AGENTS TO THE DEPOSITORIES VIZ., NSDL AND CDSL. THE COMPANY HAS BEEN ALLOTTED THE ISIN NO. **INE176C01016**. HOWEVER, MEMBERS MAY CONTINUE TO HOLD THE SHARES OF THE COMPANY IN PHYSICAL FORM AT THEIR OPTION BUT FOR TRADING THE SAME ON THE STOCK EXCHANGES, CONVERSION INTO DEMAT MODE IS COMPULSORY.
- 15) MEMBERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT TO THE MEETING. MEMBERS / PROXIES SHOULD FILL THE ATTENDANCE SLIP FOR ATTENDING THE MEETING. MEMBERS / PROXIES ARE REQUESTED TO FILL IN THE CLIENT ID AND DP ID NUMBERS IN CASE OF ELECTRONIC HOLDING AND FOLIO NUMBER IN CASE OF PHYSICAL HOLDING IN THE ATTENDANCE SLIPS.
- 16) MEMBERS HOLDING SHARES IN PHYSICAL FORM AND DESIROUS OF AVAILING THE BENEFIT OF NOMINATION FACILITY IN TERMS OF SECTION 72 OF THE COMPANIES ACT, 2013 READ WITH ARTICLE 64A OF ARTICLES OF ASSOCIATION OF THE COMPANY, MAY DO SO BY SENDING THEIR REQUESTS IN FORM 2B COPY OF WHICH WILL BE MADE AVAILABLE ON A REQUEST TO THE SHARE TRANSFER AGENTS M/S. XL SOFTECH SYSTEMS LIMITED OR COMPANY'S SECRETARIAL DEPARTMENT.
- 17) THE EQUITY SHARES OF THE COMPANY ARE LISTED ON BSE LTD (FORMERLY THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (STOCK CODE: 526093) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED, MUMBAI (STOCK CODE: SATHAISPAT). THE ANNUAL LISTING FEE TO THE STOCK EXCHANGES WHERE THE COMPANY'S SHARES ARE LISTED HAS BEEN PAID UPTO DATE.



**GUIDANCE AND INSTRUCTIONS TO THE MEMBERS FOR VOTING:**
**I. VOTING THROUGH PHYSICAL BALLOT PAPER:**

1. A member desiring to exercise vote by Physical Ballot shall fill in and complete in all respects the enclosed Physical Ballot Paper duly check (ü) marked with assent (for) or dissent (against) and sign and send the same to the Scrutinizer in the self-addressed Business Reply Envelope.
2. Postage will be borne and paid by the Company. However, envelopes containing Physical Ballots, if sent by Courier or by Registered Post at the expense of the Member will also be accepted. The envelopes may also be deposited personally at the address given thereon.
3. The Physical Ballot Paper, duly completed and signed should be returned in the self-addressed postage prepaid envelope so as to reach the Scrutinizer before the close of working hours on or before 29<sup>th</sup> September, 2015. Any Physical Ballot Paper received after last date (after 5.00 P.M. on 29<sup>th</sup> September 2015) shall be treated as if the reply from the shareholders had not been received.
4. The members are requested to exercise their voting rights by using the attached Physical Ballot Paper only. No other Form or photocopy of the Form is permitted.

**II. REMOTE VOTING ELECTRONICALLY:**

Voting electronically is facilitated through Remote E-voting module of Central Depository Systems (India) Limited (CDSL) that can be accessed on <https://www.evotingindia.com>

The voting period begins on 27<sup>th</sup> September 2015 (10.00 hrs.) and ends on 29<sup>th</sup> September 2015 (17.00 hrs.). During this period shareholders' of the Company, holding Shares either in physical form or in dematerialized form, as on the cut off date / record date i.e. 15<sup>th</sup> September 2015 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter (i.e. 17.00 hrs., 29<sup>th</sup> September 2015).

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. Shareholders who have not exercised the voting either through Remote E-voting or by sending Physical Ballot Paper can vote at the time and venue of the Annual General Meeting.

**1. Login to Remote E-Voting and voting electronically:**

- 1.1. Double click on the Internet Explorer Icon located on the desktop of your computer and launch the web browser. Type the following address in the address bar <https://www.evotingindia.com> and click on "Enter" key.
- 1.2. Click on SHAREHOLDERS and enter your User id (For NSDL :- 8 Character DP ID followed by 8 Digits Client ID / For CDSL :- 16 digits beneficiary ID / For Members holding Shares in Physical Form - Folio Number registered with the Company) & then enter the Captcha Code as displayed and click on Login.
- 1.3. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used. Else Enter your PAN & at least one detail amongst Bank Account Number and DOB or Date of Incorporation have to be mentioned.
- 1.4. If you are a first time user follow the steps given below:

For Members holding Shares in Demat Form and Physical Form	
PAN	<ul style="list-style-type: none"> <li>• Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your Demat account or in the Company records for the said Demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your Demat account or in the Company records for the said folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 1.2

Kindly provide your details as available on the demat account / folio number provided, then click on submit.

- 1.5. The system will mandate for Demat account holder to change their initial password. Password should be minimum 8 characters long. Enter the password of your choice which you wish to keep for e-Voting purpose. Confirm the Password and then click on Submit.
  - 1.6. If you are holding Shares in Demat form and had logged on to <https://www.evotingindia.com> and casted your vote earlier for EVSN of any Company, then your existing password is to be used. So after you enter the User ID and Captcha Code and click on Login you will be directed to the screen to enter your password.
  - 1.7. The System will check the EVSN for which you are eligible to vote on the day you have logged in. Click on the EVSN for which you wish to vote for.
  - 1.8. Members holding Shares in physical form will then directly reach the Company selection screen. However, Members holding Shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be used also by the Demat holders for e-voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - 1.9. For Members holding Shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
  - 1.10. Click on the EVSN for the Company name Sathavahana Ispat Limited (AGM), which you choose to vote.
- 2. To cast your vote:**
- 2.1. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.
  - 2.2. Read the Resolution Description carefully. In case you want to refer to the entire resolution file, click on "**Resolution file**" link.
  - 2.3. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed if you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - 2.4. The total number of securities you hold is already mentioned in the system. Select whether you assent or dissent for a resolution.
  - 2.5. Repeat the voting process for all the resolutions on which you want to vote.
  - 2.6. You can either vote on all the resolutions in one login or vote partially on certain resolutions.
  - 2.7. Click on Submit.
  - 2.8. You will see a dialog box stating 'Are you sure, you wish to Confirm your vote?'
  - 2.9. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
  - 2.10. Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
  - 2.11. Once you confirm, dialog box showing "Vote successfully recorded. Do you wish to print current voting status?" would appear.
  - 2.12. If you wish to take print out of voting done by you then click on "OK" and you can take out the print out. If you do not wish to take print out then click on Cancel then a dialog box "Thank you for using evoting system".
  - 2.13. Click **OK** again.
  - 2.14. You will be directed to your login home page you can vote for the remaining resolutions or you can re-login later to cast your vote for the remaining resolutions till the expiry of the voting period. The resolutions against which you have cast your vote will not be available for voting but would contain a message in the Choice field.
  - 2.15. Select the decision for the resolution for which you have not voted as yet and click on Submit.
  - 2.16. Click on "OK" if you wish to confirm your vote.
  - 2.17. The user can re-login after casting his/her vote with the user id and password provided to them any number of times.
  - 2.18. If you do not wish to vote after logging in you can simply Logout.

### 2.19. Note for Non-Individual Shareholders & Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates and Custodians respectively.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

### 3. Reset Password

- 3.1. For Demat Account Holders - If you have forgotten your password to login to the e-Voting system and wish to vote on resolutions proposed by your Company. The Forgot Password would enable you to login.
- 3.2. After you select Enter the User ID and Captcha Code click on Forgot Password.
- 3.3. After you click on Forgot Password, Enter your PAN and any one detail from Email id, Mobile No, Bank Account Number or DOB or Date of Inc. Please note if your Email id, Mobile No. is uploaded in the Master file by the Company / RTA then you will be able to enter details in this field otherwise this fields will not be editable. After entering the details click on submit.
- 3.4. If you enter your email ID the re-set password will be come to your email id, If you enter your Mobile no. then an SMS will come informing you about the re-set password.

3.5. In case your Email id and Mobile No. is not editable then you can enter either your Bank Account Number or DOB or Date of Incorporation. Once you enter this details click on submit a dialog box showing "Credentials validated. You can change the password now. A new window will open up to allow you to change the password."

3.6. Click on OK you will be directed to the change password screen. Enter the New Password of your choice and confirm the same.

### 4. Frequently asked questions:

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### 5. GENERAL:

- 5.1. Members are requested to register their e-mail id with Registrar and Transfer Agent (RTA), at XL Softech Systems Limited (Unit: Sathavahana Ispat Limited), Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034 Phone: +91-40-23545913 Fax +91-40-23553214 Email: [xlfield@gmail.com](mailto:xlfield@gmail.com) web: [www.xlsoftech.com](http://www.xlsoftech.com).
- 5.2. The e-voting module will be disabled by CDSL for evoting immediately after the last date and time given herein above.
- 5.3. Voting can be exercised only by the shareholder or his/her duly constituted attorney or in case of bodies corporate or non-individuals, the duly authorized person.
- 5.4. Shareholders holding Shares either in physical form or in dematerialized form may cast their vote electronically.
- 5.5. The Company has appointed M/s D.Hanumanta Raju & Co., Practicing Company Secretaries, B-13, F-1, P.S. Nagar, Vijayanagar Colony, Hyderabad - 500 057 as Scrutinisers for conducting the voting process in a fair and transparent manner.
- 5.6. The Voting results shall be declared by the Company within three days from the date of conclusion of the Annual General Meeting.

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 (“ACT”) AND  
CLAUSE 49 OF LISTING AGREEMENTS ENTERED INTO BY THE COMPANY****ITEM 4:**

A member of the Company has, pursuant to Section 160 of the Companies Act 2013, proposed the candidature of Dr. Shailendra Dasari for appointment as a Director on the Board of the Company.

Dr. Shailendra Dasari has been associated with the Company for the last four and a half month in the capacity of President and overseeing the operations of the Company at Haresamudram Village, Bommanahal Mandal, Anantapuramu District, Andhra Pradesh.

Dr. Shailendra Dasari, B.Tech., PGDM(IIMA), Ph.D., is a Graduate in Electronics and Communication Engineering and holds a Master in Business Management from one of the premier management teaching institutions in India. He also holds a doctorate in Business Management. He has rich and varied industrial experience and also in Pipe manufacturing.

By virtue of his present employment in the Company he qualifies for appointment as Non-independent Director. As per the provisions of Section 149 of the Companies Act 2013, the office of Non-independent Director shall be liable for retirement of Directors by rotation and is liable to retire by rotation.

Dr. Shailendra Dasari has, in pursuance of Section 149 of the Companies Act 2013 and Companies (Appointment and Qualification of Directors) Rules 2014, given a declaration to the Board that he meets the criteria for appointment as a Non-independent Director. In the opinion of the Board Dr. Shailendra Dasari fulfils the conditions specified in the Act and the Rules made thereunder for appointment as Non-independent Director.

None of Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.

The matter regarding appointment of Dr. Shailendra Dasari as Non-Independent Director was placed before the Nomination & Remuneration Committee, which commended his appointment as a Non-independent Director from 01.10.2015 to 30.09.2018.

In compliance with the provisions of Section 149, the appointment of Dr. Shailendra Dasari as Non-independent Director is now being placed before the Members in Annual General Meeting for their approval.

The terms and conditions of appointment of Non-independent Director shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

The Board of Directors commends the resolution for your approval.

**ITEM 5:**

Sri A.S. Rao had been appointed as Executive Vice Chairman in the Board Meeting held on 27.05.2010 for a period of five years w.e.f 27.07.2010 to 26.07.2015 and the office of the Executive Vice Chairman was not liable to retirement of Directors by rotation. The appointment was subsequently approved at the 21<sup>st</sup> Annual General Meeting of the Company. Further at the 25<sup>th</sup> Annual General Meeting held on 30.09.2014 the shareholders have pursuant to the provisions of Section 152 read with Schedule V of the Companies Act 2013 approved and made the Office of Executive Vice Chairman held by Shri A.S.Rao as liable to retire by retirement of Directors by rotation. Accordingly his tenure has come to close on 26.07.2015. Shri A.S. Rao is eligible for re-appointment subject to approval of Central Government and Shareholders at the General Meeting by a Special Resolution.

Shri A.S.Rao, B.Tech (Hons) in Metallurgy is the Chief Promoter of the Company who has to his credit over five decades of rich experience in the Iron and Steel industry. He had earlier served in Steel Authority of India Limited (SAIL) for over 21 years before moving on to his own business. He is a first generation entrepreneur and has successfully implemented the existing Pig Iron project in 1992-93 with a distinction of being the first project of its kind to have Co-generation Power plant and also the least cost project of similar capacity in the country. Shri Rao took active part and was the guiding force in the brownfield expansions and setting up of greenfield projects implemented during the last one and a half decade by the Company involving both backward and forward integration whereby the Company grew from manufacturer of a single product to a basket of products reaping and retaining significant value additions to the Company in the chain of Iron making. Shri Rao was the Managing Director of the Company during the period from 1992-1999 and is at present the Executive Vice Chairman of the Company. Under his able stewardship the Company weathered ups and downs in the industry and the present growth in the Company could be squarely attributed to his experience, expertise and hard work.

Keeping in view his contribution, it was proposed to re-appoint Shri A.S. Rao as 'Executive Vice Chairman' for a further period of three years from 27.07.2015 to 26.07.2018. The office of the Executive Vice Chairman held by Shri A.S. Rao, in terms of Section 152 of the Companies Act 2013, is

liable to retirement of directors by rotation. The appointment and remuneration proposed are as per the provisions of Sections 2 (94), 203 read with the Schedule V and other applicable provisions if any, of the Companies Act 2013, which may require the approval of Central Government and is subject to approval of Members in Annual General Meeting by way of Special Resolution.

The proposed re-appointment was recommended by Nomination and Remuneration Committee of Board of Directors at its meeting held on 30.05.2015.

Shri A.S. Rao, the appointee Director and Shri A. Naresh Kumar, Managing Director, being relative of Shri A.S. Rao are deemed to be interested or concerned in the Resolution. Save and except the above none of the other Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.

In compliance with the provisions of Section 196 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, the appointment of Shri A.S. Rao as Executive Vice Chairman is now being placed before the Members in Annual General Meeting for their approval by way of Special Resolution.

The terms and conditions of appointment of Executive Vice Chairman shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

The Board of Directors commends the resolution for your approval.

**ITEM 6:**

Dr. Shailendra Dasari has been considered for appointment as Director on the Board at the Board Meeting held on 14.08.2015 for a period of three years w.e.f. 01.10.2015 to 30.09.2018.

Dr. Shailendra Dasari has been associated with the Company for over four and a half month in the capacity of President and overseeing the operations of the Company at Haresamudram Village, Bommanahal Mandal, Anantapuramu District, Andhra Pradesh.

Dr. Shailendra Dasari, B.Tech., PGDM(IIMA), Ph.D., is a Graduate in Electronics and Communication Engineering and holds a Master in Business Management from one of the premier management teaching institutions in India. He also holds a doctorate in Business Management. He has rich and varied industrial experience and also in Pipe manufacturing.

Dr. Shailendra Dasari as a President has gained good experience on the operations of the Company. He is actively associated in streamlining the newly commissioned Ductile Iron Pipe making facility.

Keeping in view his contribution and control over the operations of the Company, it is proposed to appoint Dr. Shailendra Dasari as 'Executive Director (Operations)' for a period of 3 years from 01.10.2015 to 30.09.2018. The appointment and remuneration proposed are as per the provisions of Sections 2 (78), 2 (94), 197, 203 read with the Schedule V and other applicable provisions of the Companies Act 2013, which does not require the approval of Central Government but is subject to approval of members in Annual General Meeting by way of Special Resolution.

None of the Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.

The matter regarding appointment of Dr. Shailendra Dasari as Executive Director (Operations) was placed before the Nomination & Remuneration Committee, which commended his appointment as an Executive Director (Operations) from 01.10.2015 to 30.09.2018 whose office is liable to retirement of Directors by rotation in terms of provisions of Section 152 of the Companies Act 2013.

In compliance with the provisions of Section 196 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, the appointment of Dr. Shailendra Dasari as Executive Director (Operations) is now being placed before the Members in Annual General Meeting for their approval.

The terms and conditions of appointment of Executive Director (Operations) shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

The Board of Directors commends the resolution for your approval.

**Item 7:**

In terms of provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013 and Companies (Audit and Auditors) Rules 2014 the Company is required to appoint Cost Auditor for conducting Cost Audit of the Cost Records of the Company. The appointment of Cost Auditor is to be made by the Board of Directors on the recommendation of Audit Committee and fix the remuneration and such remuneration is to be ratified by the Members in the Annual General Meeting.

Accordingly the Board of Directors based on the recommendations of the Audit Committee, has appointed M/s S. Mahadevan & Co., Practicing Cost Auditors (Firm's Registration Number:0007) as Cost Auditors for conducting

Cost Audit of the Cost Records of the Company for the year 2015-16 and fixed remuneration as set out in the resolution.

In pursuance of the provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013, read with Companies (Audit and Auditors) Rules 2014 the remuneration payable for conducting Cost Audit of the Cost Records of the Company for the year ending 31<sup>st</sup> March 2016,

to M/s S. Mahadevan & Co., Practicing Cost Accountants is now being placed before the Members in Annual General Meeting for their ratification.

None of the Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.

The Board of Directors commends the resolution for your approval.

### STATEMENT OF PARTICULARS (ITEM 5 AND 6)

(In pursuance of provisions of Schedule V of the Companies Act 2013)

I.	General Information:		
(1)	Nature of Industry	The Company is engaged in the manufacture and sale of Pig Iron, Ductile Iron Pipes and also Metallurgical Coke - an input material for Pig Iron, thus operates in the Iron and Steel industry, which is considered as core sector. The Company is also into Power generation.	
(2)	Date or expected date of commencement of commercial production	The Company commenced commercial operations in the year 1994 and also commissioned Ductile Iron Pipe making facility on 01.04.2015.	
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	The Company is an existing Company.	
(4)	Financial performance based on given indicators	₹ crores	
		FY 2014-15	FY 2013-14
	1) Gross Sales	1055.85	1015.14
	2) Operating Profit before finance cost and depreciation:	101.93	36.98
	3) Profit/(loss) before tax.	28.08	(54.41)
	4) Profit / (loss) after tax	25.83	(58.03)
(5)	Foreign investments or collaborations, if any	Foreign Institutional Investors hold 19.60% and foreign bodies corporate 11.20% and Promoters group 4.95% in the Paid-up capital of the Company. The Company has no collaborations.	
II.	Information about the appointees:		
(1)	Background details	Shri A.S. Rao: Shri Rao is a Metallurgical Engineer by profession and holds a B.Tech (Hons.) Shri A.S. Rao is the Chief Promoter Director on the Board of the Company since inception. Shri Rao was also the Managing Director of the Company during 1992-1999. Shri Rao has now successfully completed 15 years as Executive Vice Chairman of this Company.	

		<p>Dr. Shailendra Dasari:</p> <p>Dr. Shailendra has been associated with the Company for four and a half month in the capacity of President and overseeing the operations of the Company at Haresamudram Village, Bommanahal Mandal, Anantapuramu District, Andhra Pradesh. Dr. Shailendra Dasari, B.Tech., PGDM(IIMA), Ph.D., is a Graduate in Electronics and Communication Engineering and holds Master in Business Management from one of the premier management teaching institutions in India. He also holds a doctorate in Business Management. He has rich and varied industrial experience and also in Pipe manufacturing.</p>
(2)	Past remuneration	<p>Shri A.S. Rao:</p> <p>In terms of authorization accorded by the Members of the Company he was entitled to last salary of Rs.37.29 lakhs per annum Plus other perquisites. However in terms of provisions of Companies Act 2013, due to losses reported by the Company his remuneration was restricted to salary of Rs.22.80 lakhs per annum and perquisites/benefits of Rs.2.01 lakhs during the year 2014-15.</p> <p>Dr. Shailendra Dasari:</p> <p>Shri Shailendra is a new appointee. However he is drawing a salary of Rs.2.00 lakhs per month plus perquisites as per applicable rules of the Company prior to his appointment as Executive Director (operations).</p>
(3)	Recognition and awards	<p>Shri A.S. Rao:</p> <p>The appointee is well recognised in the Iron and Steel industry as a pioneer and trend setter.</p> <p>Dr. Shailendra Dasari:</p> <p>The appointee is recognised as a ranked professional in the industry and as a faculty in teaching profession.</p>
(4)	Job profile and his suitability	<p>Shri A.S. Rao:</p> <p>Shri A.S. Rao is an Engineer in Metallurgy by profession and holds a Hons in B. Tech. Shri A.S. Rao is the Chief Promoter Director on the Board of the Company since inception and is an accomplished professional with rich experience of over five decades in Iron and Steel industry. Shri Rao has now successfully completed 15 years as Executive Vice Chairman of this Company. He oversees day to day affairs of the Company.</p> <p>Dr. Shailendra Dasari:</p> <p>Dr. Shailendra Dasari, B.Tech., PGDM(IIMA), Ph.D., is a Graduate in Electronics and Communication Engineering and holds Master in Business Management from one of the premier management</p>

		institutions in India. He also holds a doctorate in Business Management. He has rich and varied industrial experience of over 35 years and in particular Pipe manufacturing. He is responsible for operations of the Company at Haresamudram plant.
(5)	Remuneration Proposed	Shri A.S.Rao: As set out in the resolution Dr. Shailendra Dasari: As set out in the Resolution
(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration proposed to the appointees is commensurate with responsibilities entrusted, their profile and position and well comparable on to a lower side in the industry and of similar sized companies in the industry.
(7)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Shri A.S. Rao: Shri A.S. Rao, the appointee Director and Shri A. Naresh Kumar, Managing Director, being relative of Shri A. S. Rao are deemed to be interested or concerned in the Resolution. Shri A.S. Rao holds 1424000 Equity Shares in the Company. None of the other Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution. Dr. Shailendra Dasari: Dr. Shailendra Dasari has been associated with the Company in the capacity of President and is deemed to be interested and concerned to the extent of remuneration drawn by him. None of the Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.
III.	Other information:	
(1)	Reasons of loss or inadequate profits	The performance during the year improved and sizable profits were achieved despite volatile foreign exchange fluctuations; high interest costs and poor sales realization. However past losses could not be fully set off from current profits and the unadjusted loss is carried forward.
(2)	Steps taken or proposed to be taken for improvement	Company has implemented an Integrated Project involving forward and backward integration which has been commissioned and this is expected to improve the performance of the Company in the long term.
(3)	Expected increase in productivity and profits in measurable terms.	Productivity and Profitability is expected to improve consequent to the commissioning of the Integrated Project as the operations would be more integrated and value addition is taking place within the Company.



**OTHER DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT / APPOINTMENT AT THE ENSUING  
ANNUAL GENERAL MEETING**

(in pursuance of Clause 49 of the Listing Agreements)

Name of Director	Shri A.S. Rao	Dr. Shailendra Dasari
DIN	00899415	07263439
Date of Birth	13.08.1942	04.11.1954
Date of Appointment	08.11.1989	01.10.2015
Qualifications	B.Tech (Hons)	B.Tech., PGDM (IIMA), Ph.D.
Expertise in specific functional areas	Over 50 years in Iron and Steel industry.	Over 30 Years in Industry and 5 years as faculty in teaching.
List of Companies in which outside directorship held as on 31 <sup>st</sup> March, 2015.	1. Maruti Industries Limited 2. Vamsadhara Polymers Limited 3. Ganapati Adusumilli Fininvest private Limited	Nil
Chairman / Member of the Committees of the Board of the other Companies in which he is a Director as on 31 <sup>st</sup> March, 2015.	Nil	Nil
No. Shares Held	1424000	Nil

By order of the Board

Hyderabad  
Date: 14.08.2015

(A. NARESH KUMAR)  
MANAGING DIRECTOR  
(DIN:00112566)

CIN:L27109TG1989PLC010654  
Regd. Office: 314, Sri Ramakrishna Towers,  
Nagarjuna Nagar, Hyderabad – 500 073, Telangana

## DIRECTORS' REPORT

To

**The Members,  
SATHAVAHANA ISPAT LIMITED,**

Your Board of Directors has pleasure in presenting the 26<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2015:

### FINANCIAL RESULTS:

Your Board of Directors reports the following financial results for the year 2014-15:

(Amount in ₹)			
SL NO.	Particulars	Year ended 31-03-2015	Year ended 31-03-2014
1.	Gross revenue from operations	10558535415	10151387666
2.	Other income	70053077	88476066
3.	Operating profit /(loss) before finance costs and depreciation	1019215721	369817416
4.	Finance costs	493381950	682122764
5.	Depreciation and amortization	245078782	231750698
6.	Profit / (loss) before tax	280754989	(544056046)
7.	Tax expense	22441507	36210845
8.	Net Profit / (loss) after tax	258313482	(580266891)
9.	Add: Profit/(loss) brought forward from last year	(654592443)	(74325552)
	Less: Depreciation on fixed assets due to revision in estimated useful lives	(16199140)	0
10.	Balance carried forward	(412478101)	(654592443)
11.	Earning /(loss)per Equity Share-Basic	5.07	(14.50)
12.	Earning/(loss)per Equity Share-Diluted	5.07	(14.50)

During the year under review, the performance of the Company improved both in terms of sales and profitability inspite of subdued market conditions and falling commodity prices in particular Iron and Steel prices. Although the interest costs and raw material prices remained high during the year, yet the factors like better capacity utilization and lesser volatility in foreign exchange fluctuations contributed to the improved performance of the Company. The gross revenue from operations at ₹10558535415/- is higher as compared to previous year's revenue of ₹10151387666/-. The year ended with a profit before tax of ₹280754989/- as against loss before tax of ₹544056046 /- in the previous year. Accordingly, the earning per share accounted for at ₹ 5.07 as compared to loss per share of ₹14.50 in the previous year.

### DIVIDEND AND GENERAL RESERVE:

The Board of Directors has not recommended any dividend for the year 2014-15, due to very tight cash flows, loss incurred during the year and funds deployed to the Integrated Project at Haresamudram plant. Moreover in view of the recent amendments to the Companies Act 2013 by virtue of which Company cannot declare dividend until the past losses are fully set off against the current profits. The Board of Directors also has not proposed to transfer any amount to General Reserve as the current profit has been fully utilized to set off carry forward loss.

### DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, Your Directors hereby state and confirm that:

- i) In the preparation of Annual Accounts for the Financial Year 2014-15 the applicable Accounting Standards had been followed with proper explanation relating to material departures;
- ii) The Accounting Policies selected were applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2015 and of the Profit of the Company for the year ended on that date;

- iii) Proper and sufficient care has 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;
- iv) The Annual Accounts have been prepared on a going concern basis;
- v) Internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively; and
- vi) Proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**AUDIT COMMITTEE:**

The Audit Committee has been reconstituted during the year by nominating Smt Y. Prameela Rani and Shri M.S. Rama Mohan Rao as additional members with effect from 14.11.2014. The Audit Committee comprises Chairman - Shri K.Thanu Pillai, Independent Director and three other Independent Director members -Shri Syed Anis Hussain, Shri S.N.Rao, Smt Y. Prameela Rani and Shri M.S.Rammohan Rao. The Audit Committee at its meeting held on 30<sup>th</sup> May 2015 has considered and approved the Audited Accounts of the Company for the financial year ended 31<sup>st</sup> March 2015. The Audited Accounts for the financial year ended 31<sup>st</sup> March 2015, as approved and recommended by the Audit Committee, do not require any explanations from the Board.

**CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the listing agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed, Company is required to comply with the Code of Corporate Governance for the financial year under review. Accordingly, the Reports on Corporate Governance and Management Discussion and Analysis together with Auditors' Report on compliance of Code of Corporate Governance are attached to this Report and forms part of the Annual Report. These Reports are to be read in conjunction with this Directors' Report.

**PROJECT:**

The Company has commenced commercial operations of Ductile Iron Pipe making plant, Sinter plant and captive Thermal Power plant forming part of Integrated Project at Haresamudram Village, Bommanahal Mandalam, Anantapuramu District, Andhra Pradesh effective from 1st April 2015. Ductile Iron Pipe fittings project has been given up due to paucity of funds. Accordingly the Integrated Project at Haresamudram Plant is treated as completed.

**DIRECTORS:**

Shri T. Sreerama Murthy ceased to be Director on the Board of the Company with effect from March 02, 2015 consequent to his resignation. The Board of Directors places on record of its appreciation for the valuable services rendered by Shri T. Sreerama Murthy during his tenure as Executive Director (Operations). Shri A.S.Rao, Executive Vice Chairman is liable for retirement of Directors by rotation at the end of the ensuing 26<sup>th</sup> Annual General Meeting and being eligible, offer himself for re-appointment at the said Annual General Meeting.

Shri A.S. Rao has been re-appointed as Executive Vice Chairman for a further period of three years effective from 27.07.2015 to 26.07.2018 and approval of the Members by a Special Resolution for the said re-appointment is being sought in the ensuing Annual General Meeting. The Office of Executive Vice Chairman held by Shri A.S. Rao is liable for retirement of Directors by rotation and may require approval of the Central Government.

Members have proposed in terms of Section 160 of the Companies Act 2013 read with Sections 149 and 152 to nominate Dr. Shailendra Dasari, as Non-independent Director and approval of Members for his appointment is being sought in the ensuing Annual General Meeting. Approval of the Members is also being sought in the ensuing Annual General Meeting for approval of appointment of Dr. Shailendra Dasari as Executive Director (Operations) for a period of three years from 01.10.2015 to 30.09.2018. The office of Executive Director (Operations) held by Dr. Shailendra Dasari is liable for retirement of Directors by rotation and the appointment do not require the approval of the Central Government.

In the opinion of the Board the proposed appointees fulfil the conditions specified in the Companies Act 2013 and Rules made thereunder and would further strengthen the Board.

Policy on selection and appointment of Directors, Composition and category of Directors, attendance of each Director at meetings, Number of other Directorships held by each Director, Number of Board meetings held and dates on which held, familiarisation programme of each Independent Directors, Board's evaluation process are discussed in the Report on Corporate Governance which forms part of this Report.

The Board of Directors confirms that based on the declarations given by all the Independent Directors in pursuance of provisions of Section 149(7) of the Companies Act 2013 they meet the criteria of independence as provided in Section 149(6) of the Companies Act 2013.

#### **AUDITORS AND AUDIT REPORT:**

Pursuant to Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under as amended from time to time and for the time being in force, the appointment of M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, (Firm's Registration Number: 002283S) Hyderabad, as Auditors of the Company to hold office from conclusion of this Annual General Meeting till the conclusion of twenty seventh Annual General Meeting is coming up for your ratification. The auditors have confirmed that they are eligible to continue to be the Auditors of the Company subject to ratification of their appointment by the members at the ensuing Annual General Meeting.

The Independent Auditors' Report for the financial year ended 31<sup>st</sup> March 2015 which forms part of the Annual Report do not require any explanations from the Board as there are no qualifications or reservations or adverse remarks.

#### **COST AUDITORS AND COST AUDIT REPORT:**

Company appointed M/s. S. Mahadevan & Co, Coimbatore, Practicing Cost Accountants, as Cost Auditors for the financial year 2013-14. The Cost Compliance Report as prepared by the Cost Auditors for the financial year 2013-14 has been filed with the Central Government with in the due date. The cost compliance report for the financial year 2014-15 has been taken on record by the Board of Directors on 14<sup>th</sup> August 2015. The Board of Directors based on the recommendations of the Audit Committee, has appointed M/s S. Mahadevan & Co., Practicing Cost Accountants (Firm's Registration Number : 00007) as Cost Auditors for conducting Cost Audit of the Cost Records of the Company for the year 2015-16. In pursuance of the provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013, read with Companies (Audit and Auditors) Rules 2014 the remuneration payable for conducting the Cost Audit for the year ending 31<sup>st</sup> March 2016 to M/s S. Mahadevan & Co., Practicing Cost Accountants is being placed before the Members in the ensuing Annual General Meeting for their ratification.

#### **SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT:**

M/s. D. Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad who have been appointed as Secretarial Auditor for the financial year 2014-15 have conducted the Audit of the Secretarial Records and submitted their Report in MR-3 which is annexed to this Report (Annexure-V). The Secretarial Audit Report for the financial year ended 31<sup>st</sup> March 2015, do not require any explanations from the Board as there are no qualifications or reservations or adverse remarks. The Board of Directors at its meeting held on 30<sup>th</sup> May 2015 has re-appointed D.Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad as Secretarial Auditor for the financial year 2015-16.

#### **TRANSFER OF UNCLAIMED DIVIDEND AMOUNTS TO IEPF:**

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 and / or Section 124(5) of the Companies Act, 2013, the declared dividends, which remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 and / or Section 125 of the Companies Act, 2013.

#### **DIRECTORS, EMPLOYEES AND THEIR REMUNERATION:**

The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act, 2013 read with sub rule (2) to Rule 5 to the Companies (Appointment & Remuneration) Rules, 2014, as amended, are not required to be provided as there were no employees drawing remuneration more than the stipulated limits. Details

of Remuneration Policy and payment of remuneration to all Directors / Key Managerial Personnel / other managerial employees is given in the Report on Corporate Governance under the head Nomination and Remuneration Committee which forms part of this Report. Managing Director and other Whole Time Directors have not received any remuneration or commission from holding or subsidiary companies as the Company do not have such companies. In the opinion of the Board the level and composition of remuneration to Directors, Key Managerial Personnel and other managerial employees is reasonable and sufficient to attract, retain and motivate the people who could run the Company efficiently. The Board affirms that the remuneration paid is in accordance with Remuneration Policy of the Company. The relationship between performance and remuneration is clear and meets appropriate benchmarks and that the remuneration criteria succinctly balances between fixed and variable pay wherever set reflecting short and long term performance objectives appropriate to the working of the Company and its goals. Disclosures required to be made pursuant to Rule 5 to the Companies (Appointment & Remuneration) Rules, 2014 are attached to this report (Annexure-II).

**DEMATERIALISATION OF EQUITY SHARES:**

The Agreements entered into by the Company with the two Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of Shares are in force and the Company's Shares are in dematerialised mode under ISIN No. INE 176C01016. As per the Securities and Exchange Board of India (SEBI) directives, the Equity Shares of the Company are to be compulsorily traded in dematerialisation form with effect from 26<sup>th</sup> February 2001. In view of the significant benefits that accrue on dematerialisation of securities, Members may avail the facility.

**LISTING OF SHARES ON STOCK EXCHANGES:**

The Equity Shares of the Company are listed on BSE Ltd (formerly The Bombay Stock Exchange Limited) Stock Code:526093 and The National Stock Exchange of India Limited (NSE) Stock Code: SATHAISPAT and are regularly traded. The listing fee to these Stock Exchanges has been paid upto date.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information on conservation of energy, technology absorption, foreign exchange earnings and out go required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules 2014, is given in the Annexure forming part of this Report (Annexure-I).

**FIXED DEPOSITS:**

During the year the Company has not accepted fixed deposits within the meaning of Section 2(31) read with Sections 73 and 74 of the Companies Act, 2013. There are no overdue deposits or outstanding deposits as on the Balance Sheet date.

**RISK MANAGEMENT:**

The Board engaged itself with the task of Risk Management by preparing, implementing and monitoring the risk management plan of the Company. The Board apart from ensuring the effectiveness of risk management covering internal financial risks and controls also reviews the same on regular basis. Major risks identified by the Board are monitored on a regular basis.

**INTERNAL FINANCIAL CONTROL AND SYSTEMS AND THEIR ADEQUACY:**

The details with regard to internal financial control system and their adequacy are included in the Management Discussion and Analysis which forms part of this Report.

**RELATED PARTY TRANSACTIONS:**

There are no material related party transactions entered into by the Company falling within the meaning of Section 188(1) of the Companies Act 2013. Other related party transactions, contracts or arrangements entered into by the Company are in the ordinary course of business and at arm's length price. The details of these contracts or arrangements or transactions as required to be disclosed in terms of Section 134(3)(h) are provided in Form AOC-2 which forms part of this Report (Annexure-III) and accompanying Financial Statements.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:**

The Company has not granted loans, guarantees or made investments in or to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act 2013. The Company has not extended any loans to the employees for purchase of its shares. Other investments made by the Company are given in the accompanying Financial Statements which are in the ordinary course of business.

**EXTRACTS OF ANNUAL RETURN:**

Information on Extracts of Annual Return required to be disclosed under Section 92(3) of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules 2014, is given in the prescribed Form MGT-9 forming part of this report (Annexure-IV).

**CORPORATE SOCIAL RESPONSIBILITY:**

The details with respect to Corporate Social Responsibility of the Company as required to be disclosed in terms of provisions of Section 135 read with Section 134(3)(o) and Rule 9 of Companies (Accounts) Rules 2014 are given in the Report on Corporate Governance attached to and forming part of this Report. During the year the Company, in terms of provisions of sub section 5 to Section 135 of the Companies Act 2013, is not required to earmark any fund for Corporate Social Responsibility activities in view of the past losses.

**MATERIAL CHANGES:**

There are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the Financial Statements relates and the date of this Report.

**ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS:**

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

**SUBSIDIARY OR ASSOCIATE COMPANIES:**

There are no subsidiary or associate companies to the Company as at the end of 31<sup>st</sup> March 2015. Accordingly no Consolidated Financial Statements is required to be reported.

**STANDALONE FINANCIAL STATEMENTS:**

The accompanying Financial Statements and this Board's Report are prepared based on standalone operations of the Company.

**BOARD'S APPROVAL:**

This Directors' Report has been considered, approved and adopted by the Board of Directors at its meeting held on 14<sup>th</sup> August 2015. The accompanying Financial Statements were approved and adopted by the Board of Directors at its meeting held on 30<sup>th</sup> May 2015.

**ACKNOWLEDGMENTS:**

Your Directors take this opportunity to express their grateful thanks to Canara Bank, State Bank of Hyderabad, Andhra Bank, Shareholders, Central and State Governments and valued suppliers and customers for their co-operation and support. The Board also places on record its appreciation of the valuable services rendered by the employees at all levels of the Company.

for and on behalf of the Board

Place: Hyderabad  
Date: 14.08.2015

(K. Thanu Pillai)  
Chairman  
(DIN:00115814)

**ANNEXURE-I TO DIRECTORS' REPORT**
**Statutory information as required under Section 134(3)(m) read with Rule 8(3)  
of the Companies (Accounts) Rules 2014**

- a) Conservation of Energy: The Company has set-up a Captive Power Generation Plants, which utilise surplus Blast Furnace gas and waste heat from exhaust gases of Coke Ovens for generating Power. The Power Plants have been functioning satisfactorily. The power requirement of operations is met from these Power plants.
- b) Technology absorption: The technologies sourced in earlier years from SINO STEEL for the Pig Iron plant and from Chinese Academy of Agriculture Mechanisation Sciences (CAAMS) for Ductile Iron Pipe making plant at Haresamudram works and Anshan Technology for Metallurgical Coke plant at Kudithini works, all technologies sourced from P.R.China, stand fully absorbed.
- c) The Company is not engaged into any Research and Development activity and as such there is no expenditure incurred on Research and Development activity.
- d) Foreign Exchange earnings and outgo:

( Amount in ₹ )

I)	Foreign Exchange Earnings	:	
	a) F.O.B value of exports		1223851554
II)	Foreign Exchange Outgo:		
	a) C.I.F. value of imports:		
	i) Raw materials	:	5036210210
	ii) Capital goods	:	70966747
	iii) Components and spare parts	:	56769138
	b) Travelling expenses	:	717585
	c) Usance interest	:	42938718

for and on behalf of the Board

 Place: Hyderabad  
Date: 14.08.2015

 (K. Thanu Pillai)  
Chairman  
(DIN: 00115814)

**ANNEXURE-II TO DIRECTORS' REPORT**  
**DIRECTORS, EMPLOYEES AND THEIR REMUNERATION**

DISCLOSURES REQUIRED TO BE MADE PURSUANT TO SECTION 197 (12) READ WITH RULE 5 TO THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014

- a) Details of Remuneration Policy and payment of remuneration to all Directors / Key Managerial Personnel / other managerial employees is given in the Report on Corporate Governance under the head Nomination and Remuneration Committee which forms part of this Report.
- b) The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act, 2013 read with sub rule (2) to Rule 5 to the Companies (Appointment & Remuneration) Rules, 2014, as amended, are not required to be provided as there were no employees drawing remuneration more than the stipulated limits:
- c) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

S.No.	Directors	Ratio
	<b>Independent Directors:</b>	
1.	Shri K. Thanu Pillai	1.10
2.	Shri Syed Anis Hussain	1.79
3.	Shri S.N.Rao	0.88
4.	Smt Y.Prameela Rani*	0.51
5.	Shri M.S.Rama Mohan Rao*	0.12
	<b>Whole Time Directors:</b>	
6.	Shri A.Naresh Kumar	37.37
7.	Shri A.S.Rao	24.45
8.	Shri T.Sreerama Murthy*#	9.94

\* Remuneration is from the date of appointment of each Director and accordingly is for part of the year. These ratios are therefore not comparable.

# Ceased to be Director effective from 02.03.2015

- d) 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.	Directors	% increase
	<b>Independent Directors:</b>	
1.	Shri K. Thanu Pillai	7.69
2.	Shri Syed Anis Hussain®	52.94
3.	Shri S.N.Rao	23.61
4.	Smt Y.Prameela Rani*	0
5.	Shri M.S.Rama Mohan Rao*	0
	<b>Whole Time Directors:</b>	
6.	Shri A.Naresh Kumar	57.41
7.	Shri A.S.Rao	2.98
8.	Shri T.Sreerama Murthy*#	0
	<b>Key Managerial Personnel:</b>	
9.	Shri K.V.Krishna Rao	0.41



@ Remuneration for current year includes fees for committee meetings and corresponding fee for the previous year was effective from 22.11.2013. Accordingly Percentage increase is not comparable.

\* Remuneration is from the date of appointment of each Director and accordingly is for part of the year. Percentage computation therefore not given as the same is not comparable.

# Ceased to be Director effective from 02.03.2015

- e) The percentage increase in the median remuneration of employees in the financial year:22.53%
- f) The number of permanent employees on the rolls of Company:1645
- g) The explanation on the relationship between average increase in remuneration and Company performance:  
The weighted average increase in remuneration of employees across is 6.73%. The individual increments varied from 5% to 12% based on the performance of each employee.
- h) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

S.No.	Description	Amount ₹	Comparative %
1.	Aggregate remuneration of Key Managerial personnel during Financial year 2014-15	2730338	
2.	Revenue	10558535415	
3.	Profit before tax	280754989	
4.	Remuneration of Key Managerial Personnel as % of Revenue		0.03
5.	Remuneration of Key Managerial Personnel as % of profit before tax		0.97

- i) 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:

S.No.	Particulars	31.03.2015	31.03.2014	% change
1.	Market capitalisation	178150000	124196000	43.44
2.	Price Earnings Ratio	6.90	-1.68	510.71

S.No.	Particulars	31.03.2015	IPO price April 1994	% change
1.	Market price -BSE	35.00	10.00	350.00
2.	Market price -NSE	34.90	10.00	349.00

- j) 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:  
The average increase in salaries of employees across is 6.73%. The percentile increase in the remuneration of managerial personnel is within the normal range of increase of other employees.
- k) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:  
The comparison is as provided in clause-h herein above.
- l) The key parameters for any variable component of remuneration availed by the Directors:  
There is no variable component of remuneration to Independent Directors.
- m) The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:  
None of the employees receiving remuneration higher than that of remuneration highest paid to the Director.
- n) Affirmation that the remuneration is as per the remuneration policy of the Company:  
The Board affirms that the remuneration paid is in accordance with Remuneration Policy of the Company.

for and on behalf of the Board

Place: Hyderabad  
Date: 14.08.2015

(K. Thanu Pillai)  
Chairman  
(DIN:00115814)

**ANNEXURE-III TO DIRECTORS' REPORT**

FORM NO. 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 thereto

1.	Details of contracts or arrangements or transactions not at arm's length basis	
(a)	Name(s) of the related party and nature of relationship	During the financial year 2014-15, Sathavahana Ispat Limited has not entered into any contracts or arrangements or transactions that are not at arm's length basis
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	Details of material contracts or arrangement or transactions at arm's length basis	
(a)	Name(s) of the related party and nature of relationship	The details are provided in the Report on Corporate Governance and accompanying Financial Statements. Transactions, contracts or arrangements entered into by the Company are in the ordinary course of business, on an annual renewal basis and at arm's length price. These transactions were duly approved by the Board.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

for and on behalf of the Board

Place: Hyderabad  
Date: 14.08.2015

(K. Thanu Pillai)  
Chairman  
(DIN:00115814)

**ANNEXURE-IV TO DIRECTORS' REPORT**

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule

12(1) of the Companies (Management and Administration) Rules, 2014]

<b>I. REGISTRATION AND OTHER DETAILS:</b>		
i)	CIN:-	L27109TG1989PLC010654
ii)	Registration Date	08.11.1989
iii)	Name of the Company	Sathavahana Ispat 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	314, Sri Ramakrishna Towers, Nagarjuna Nagar, Hyderabad-500 073 Telangana State. Phone : +91-40-23730812 Email : <a href="mailto:info@sathavahana.com">info@sathavahana.com</a> Web : <a href="http://www.sathavahana.com">www.sathavahana.com</a>
vi)	Whether listed Company Yes / No	Yes. BSE (526093), NSE (sathaispat)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	M/S. XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD - 500034 Telangana State Phone : +91-40-23545913 Fax +91-40-23553214 Email : <a href="mailto:xlfield@gmail.com">xlfield@gmail.com</a> web : <a href="http://www.xlsoftech.com">www.xlsoftech.com</a>

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-			
Sl. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Pig Iron -Manufacture	24101	44.44
2	Metallurgical Coke-Manufacture	19101	32.33
3	Power - Generation	35102	11.63
4	Coking Coal - Trading	4661	11.59

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>					
Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	NIL				

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :**
**i) Category-wise Share Holding:**

Category code	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>									
(1)	Indian:									
(a)	Individuals / Hindu Undivided family	12090090	0	12090090	23.75	12090090	0	12090090	23.75	0.00
(b)	Central Government/State Government(s)									
(c)	Bodies Corporate#	4200000	0	4200000	8.25	4200000	0	4200000	8.25	0.00
(d)	Financial Institutions / Banks									
(e)	Any other (specify)									
	<b>Sub -Total (A) (1)</b>	<b>16290090</b>	<b>0</b>	<b>16290090</b>	<b>32.00</b>	<b>16290090</b>	<b>0</b>	<b>16290090</b>	<b>32.00</b>	<b>0.00</b>
<b>(2)</b>	<b>Foreign :</b>									
(a)	Individuals (Non-Resident individuals/ Foreign individuals)									
(b)	Bodies Corporate	0	2520000	2520000	4.95	2520000	0	2520000	4.95	0.00
(c)	Institutions									
(d)	Any other (specify)									
	<b>Sub -Total (A) (2)</b>	<b>0</b>	<b>2520000</b>	<b>2520000</b>	<b>4.95</b>	<b>2520000</b>	<b>0</b>	<b>2520000</b>	<b>4.95</b>	<b>0.00</b>
	<b>Total Shareholding of promoter and promoter Group (A)= (A)(1) + (A)(2)</b>	<b>16290090</b>	<b>2520000</b>	<b>18810090</b>	<b>36.95</b>	<b>18810090</b>	<b>0</b>	<b>18810090</b>	<b>36.95</b>	<b>0.00</b>
<b>(B)</b>	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
(a)	Mutual Funds / UTI		127400	127400	0.25		31700	31700	0.06	-0.19
(b)	Financial Institutions / Banks		12800	12800	0.03		12800	12800	0.03	0.00
(c)	Central Government/State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies									
(f)	Foreign Institutional Investors		9980000	9980000	19.60	9980000		9980000	19.60	0.00
(g)	Foreign Venture Capital Investors									
(h)	Any other (specify)									
	<b>Sub-Total (B) (1)</b>	<b>0</b>	<b>10120200</b>	<b>10120200</b>	<b>19.88</b>	<b>9980000</b>	<b>44500</b>	<b>10024500</b>	<b>19.69</b>	<b>-0.19</b>
<b>(2)</b>	<b>Non-Institutions</b>									
(a)	Bodies Corporate	1465245	52500	1517745	2.98	1375415	52500	1427915	2.81	-0.17
(b)	Individuals									
	i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	5505392	2044226	7549618	14.83	5278171	1992827	7270998	14.28	-0.55
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	6547550	32800	6580350	12.93	7249195	32800	7281995	14.31	1.38
(c)	Any other (specify) :									
(c.i)	Trusts	2800	0	2800	0.01	1400	0	1400	0.00	-0.01
(c.ii)	NRIs/OCBs	222125	54800	276925	0.54	228703	52300	281003	0.55	0.01
(c.iii)	Clearing members	342271	0	342272	0.68	102099	0	102099	0.21	-0.47
(c.iv)	Foreign Bodies Corporate	4900000	800000	5700000	11.20	5700000	0	5700000	11.20	0.00
	<b>Sub-Total (B) (2)</b>	<b>18985384</b>	<b>2984326</b>	<b>21969710</b>	<b>43.17</b>	<b>19934983</b>	<b>2130427</b>	<b>22065410</b>	<b>43.36</b>	<b>0.19</b>
	<b>Total Public Shareholding (B)= (B)(1) +(B)(2)</b>	<b>18985384</b>	<b>13104526</b>	<b>32089910</b>	<b>63.05</b>	<b>29914983</b>	<b>2174927</b>	<b>32089910</b>	<b>63.05</b>	<b>0.00</b>
	<b>Total (A) + (B)</b>	<b>35275474</b>	<b>15624526</b>	<b>50900000</b>	<b>100.00</b>	<b>48725073</b>	<b>2174927</b>	<b>50900000</b>	<b>100.00</b>	<b>0.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued									
	<b>GRAND TOTAL (A)+ (B)+(C)</b>	<b>35275474</b>	<b>15624526</b>	<b>50900000</b>	<b>100.00</b>	<b>48725073</b>	<b>2174927</b>	<b>50900000</b>	<b>100.00</b>	<b>0.00</b>

## ii) Shareholding of Promoters :

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Shri A.Shivaji Rao	1424000	2.80	0	1424000	2.80	0	0
2	Smt A. Mutya Bai	4921585	9.67	0	4921585	9.67	0	0
3	Shri A. Naresh Kumar	2019105	3.97	0	2019105	3.97	0	0
4	Shri A. Ashok Kumar	3319110	6.52	0	3319110	6.52	0	0
5	Smt N. Chilakamma	210000	0.41	0	210000	0.41	0	0
6	Smt Deepa N. Adusumilli	129100	0.25	0	129100	0.25	0	0
7	Shri P. Ajay Kumar	67190	0.13	0	67190	0.13	0	0
8	Ganapati Adusumilli Private Limited Fininvest	4200000	8.25	0	4200000	8.25	0	0
9	Ganapati Holdings Pte Limited	2520000	4.95	0	2520000	4.95	0	0
	Total	18810090	36.95	0	18810090	36.95	0	0

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

Sl. No	Description	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	At the beginning of the year	18810090	36.95	18810090	36.95
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):	0	0	0	0
3	At the end of the year	18810090	36.95	18810090	36.95

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S.No.	Name of shareholder	Description	Date	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Stemcor AG	At the beginning of the year	01-04-2014	5700000	11.20	5700000	11.20
		increase / decrease*		0	0.00	5700000	11.20
		At the End of the year	31-03-2015	0	0.00	5700000	11.20
2	Antara India Evergreen Fund Limited	At the beginning of the year	01-04-2014	4990000	9.80	4990000	9.80
		increase / decrease*		0	0.00	4990000	9.80
		At the End of the year	31-03-2015	0	0.00	4990000	9.80
3	Plutus Terra India Fund	At the beginning of the year	01-04-2015	4990000	9.80	4990000	9.80
		increase / decrease*		0	0.00	4990000	9.80
		At the End of the year	31-03-2015	0	0.00	4990000	9.80
4	Miten Mehta	At the beginning of the year	01-04-2014	399004	0.78	399004	0.78
		Market purchase*	01-08-2014	996	0.00	400000	0.79
		Market purchase*	30-09-2014	20000	0.04	420000	0.83
		Market purchase*	10-10-2014	21000	0.04	441000	0.87
		Market purchase*	06-02-2015	52143	0.10	493143	0.97
		Market purchase*	13-02-2015	7857	0.02	501000	0.98
		Market purchase*	27-02-2015	3700	0.01	504700	0.99
		Market purchase*	06-03-2015	12300	0.02	517000	1.02
		At the End of the year	31-03-2015	6900	0.01	523900	1.03
5	Smita Sachidanand Das	At the beginning of the year	01-04-2014	260000	0.51	260000	0.51
		increase / decrease*		0	0.00	260000	0.51
		At the End of the year	31-03-2015	0	0.00	260000	0.51
6	Sangeeta S	At the beginning of the year	01-04-2014	257394	0.51	257394	0.51
		Market purchase*	12-09-2014	976	0.00	258370	0.51
		Market purchase*	10-10-2014	14321	0.03	272691	0.54
		Market purchase*	17-10-2014	5171	0.01	277862	0.55
		Market purchase*	24-10-2014	100	0.00	277962	0.55
		Market purchase*	31-10-2014	7926	0.02	285888	0.56
		Market purchase*	07-11-2014	100	0.00	285988	0.56
		Market purchase*	14-11-2014	16760	0.03	302748	0.59
		Market purchase*	21-11-2014	7200	0.01	309948	0.61
		Market purchase*	12-12-2014	1100	0.00	311048	0.61
		Market purchase*	09-01-2015	8300	0.02	319348	0.63
		Market purchase*	16-01-2015	751	0.00	320099	0.63
		Market purchase*	23-01-2015	1000	0.00	321099	0.63
		At the End of the year	31-03-2015	0	0.00	321099	0.63

S.No.	Name of shareholder	Description	Date	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7	Shashi Ashok Dongre	At the beginning of the year	01-04-2014	191500	0.38	191500	0.38
		increase / decrease*		0	0.00	191500	0.38
		At the End of the year	31-03-2015	0	0.00	191500	0.38
8	Ketan Chandrakanth Shah	At the beginning of the year	01-01-2014	177300	0.35	177300	0.35
		Market Sale*	23-05-2014	-451	0.00	176849	0.35
		Market purchase*	30-05-2014	1	0.00	176850	0.35
		Market Sale*	06-06-2014	-1000	0.00	175850	0.35
		Market Sale*	13-06-2014	-1700	0.00	174150	0.34
		Market Sale*	04-07-2014	-10	0.00	174140	0.34
		Market Sale*	11-07-2014	-15	0.00	174125	0.34
		Market purchase*	18-07-2014	225	0.00	174350	0.34
		Market purchase*	25-07-2014	225	0.00	174575	0.34
		Market Sale*	22-08-2014	-900	0.00	173675	0.34
		Market purchase*	29-08-2014	250	0.00	173925	0.34
		Market purchase*	19-09-2014	1100	0.00	175025	0.34
		Market purchase*	07-11-2014	225	0.00	175250	0.34
		Market Sale*	14-11-2014	-225	0.00	175025	0.34
		Market Sale*	19-12-2014	-1800	0.00	173225	0.34
		Market Sale*	30-01-2015	-900	0.00	172325	0.34
		Market Sale*	06-02-2015	-900	0.00	171425	0.34
		Market Sale*	13-02-2015	-1800	0.00	169625	0.33
		Market purchase*	20-02-2015	100	0.00	169725	0.33
		Market purchase*	27-02-2015	450	0.00	170175	0.33
Market purchase*	06-03-2015	328	0.00	170503	0.33		
Market purchase*	13-03-2015	472	0.00	170975	0.34		
Market purchase*	20-03-2015	450	0.00	171425	0.34		
At the End of the year	31-03-2015	0	0.00	171425	0.34		
9	Neville Jiyibhoy Mistry	At the beginning of the year	01-04-2014	160865	0.32	160865	0.32
		increase / decrease*		0	0.00	160865	0.32
		At the End of the year	31-03-2015	0	0.00	160865	0.32
10	Abdulhuk Samsulhuk Iraki	At the beginning of the year	01-04-2014	153899	0.30	153899	0.30
		increase / decrease*		0	0.00	153899	0.30
		At the End of the year	31-03-2015	0	0.00	153899	0.30

\*Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):

## (v) Shareholding of Directors and Key Managerial Personnel:

S.No.	Name of the Director and Key Managerial Personnel	Description	Date	Shareholding at the beginning of the year		Cumulative Shareholding at the end of the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	K. Thanu Pillai, Independent Director	At the beginning of the year	01-04-2014	2000	0.00	2000	0.00
		increase / decrease*		0	0.00	2000	0.00
		At the End of the year	31-03-2015	0	0.00	2000	0.00
2	Syed Anis Hussain, Independent Director	At the beginning of the year	01-04-2014	1000	0.00	1000	0.00
		increase / decrease*		0	0.00	1000	0.00
		At the End of the year	31-03-2015	0	0.00	1000	0.00
3	M.S.Rama Mohan Rao, Independent Director	At the beginning of the year	01-04-2014	500	0.00	500	0.00
		increase / decrease*		0	0.00	500	0.00
		At the End of the year	31-03-2015	0	0.00	500	0.00
4	K.V.Krishna Rao, Key Managerial Personnel	At the beginning of the year	01-04-2014	500	0.00	500	0.00
		increase / decrease*		0	0.00	500	0.00
		At the End of the year	31-03-2015	0	0.00	500	0.00

\*Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease(e.g. allotment / transfer / bonus/ sweat equity etc):

## V. INDEBTEDNESS:

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

Description	Secured loans excluding deposits	Unsecured loans	Deposits	Amount ₹
				Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4239220379	8800000	0	4248020379
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1935590	0	0	1935590
Total (i+ii+iii)	4241155969	8800000	0	4249955969
Change in Indebtedness during the financial year				
- Addition	1732216333	0	0	1732216333
- Reduction	1210457342	8800000	0	1219257342
Net Change	521758991	-8800000	0	512958991
Indebtedness at the end of the financial year				
i) Principal Amount	4762734975	0	0	4762734975
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	179985	0	0	179985
Total (i+ii+iii)	4762914960	0	0	4762914960



**VI. Remuneration of Directors and Key Managerial Personnel:**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Amount ₹**

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		A.S.Rao, Executive Vice	A. Naresh Kumar, Managing Director	T.Sreerama Murthy, Executive Director	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	2280000	3480000	950000	6710000
	(b) Value of perquisites u/s17(2) Income-Tax Act,1961	201061	312537	59000	572598
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
	<b>Sub Total</b>	<b>2481061</b>	<b>3792537</b>	<b>1009000</b>	<b>7282598</b>
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission				
	- as % of profit	0	0	0	0
	- others, specify...	0	0	0	0
5.	Others, please specify	0	0	0	0
6.	<b>Total (A)</b>	<b>2481061</b>	<b>3792537</b>	<b>1009000</b>	<b>7282598</b>
	<b>Ceiling as per the Companies Act 2013</b>				<b>7282598</b>

The above salary and allowances are net of recoveries made and in terms of approval accorded by the Nomination and Remuneration Committee in accordance with Schedule V of the Companies Act 2013 and in accordance with the terms and conditions of their respective appointments approved by the shareholders.

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Fee for attending board/committee meetings	Commission	Others please specify	Amount ₹
					Total amount
1.	<b>Independent Directors:</b>				
	Shri K. Thanu Pillai	112000	0	0	112000
	Shri Syed Anis Hussain	182000	0	0	182000
	Shri S.N.Rao	89000	0	0	89000
	Smt Y.Prameela Rani	52000	0	0	52000
	Shri M.S.Rammohan Rao	12000	0	0	12000
	<b>Total (1)</b>	<b>447000</b>	<b>0</b>	<b>0</b>	<b>447000</b>
2.	<b>Other Non Executive Directors</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Total B=(1+2)</b>	<b>447000</b>	<b>0</b>	<b>0</b>	<b>447000</b>
	<b>Ceiling as per the Companies Act 2013</b>				<b>447000</b>

**C. Remuneration to Key Managerial Personnel other than MD, WTD and/or Manager:**

Amount ₹

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel other than MD/WTD/ Manager	Total Amount
		K.V.Krishna Rao, CFO & Company Secretary	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	2628000	2628000
	(b) Value of perquisites u/s 17(2) Income-Tax Act,1961	102338	102338
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
	<b>Sub Total</b>	<b>2730338</b>	<b>2730338</b>
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission		
	- as % of profit	0	0
	- others, specify...	0	0
5.	Others, please specify	0	0
6.	Total (C)	2730338	2730338
	Ceiling as per Companies Act 2013		2730338

**VII. Penalties / Punishment/ Compounding of offences:**

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made. If any(give details)
<b>A. Company</b>					
Penalty Punishment Compounding		There were no such cases during the year			
<b>B. Directors</b>					
Penalty Punishment Compounding		There were no such cases during the year			
<b>C. Other Officers In Default</b>					
Penalty Punishment Compounding		There were no such cases during the year			

for and on behalf of the Board

 Place: Hyderabad  
 Date: 14.08.2015

 (K. Thanu Pillai)  
 Chairman  
 (DIN:00115814)

**ANNEXURE-V TO DIRECTORS' REPORT****Form No. MR-3****SECRETARIAL AUDIT REPORT****FORTHE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH, 2015**

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

To,

The Members,

**SATHAVAHANA ISPAT LTD**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SATHAVAHANA ISPAT LTD** (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 our opinion thereon.

Based on our 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 authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015, 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.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2015, according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 ;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the period of audit)
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the company during the period of audit)

- 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; (Not applicable to the Company during the period of audit) and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the period of audit)
- (vi) Other Laws applicable to the company as per the representations made by the management.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (Not notified by the Central Government hence not applicable to the Company for the period of audit)
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings are carried out unanimously as recorded in the Minutes.

**We 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.

**We further report that** during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

**Place: Hyderabad**

**Date: 14.08.2015**

**For D. HANUMANTA RAJU & CO  
COMPANY SECRETARIES**

**CS D. Hanumanta Raju  
PARTNER  
FCS : 4044, CP NO:1709**

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

'Annexure A'

To,

The Members,

**SATHAVAHANA ISPAT LIMITED**

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness and with which the management has conducted the affairs of the company.

**Place: Hyderabad**

**Date: 14.08.2015**

**For D. HANUMANTA RAJU & CO  
COMPANY SECRETARIES**

**CS D. Hanumanta Raju  
PARTNER**

**FCS : 4044, CP NO:1709**

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Sathavahana Ispat limited believes that the Code of Corporate Governance is a necessary discipline and a means of achieving and attaining the goals and objectives of the Company and only proper governance implemented in true spirit would lead to effectiveness and transparency in the functioning of a Corporate. The Company lays emphasis on basic governance issues and supports the broad principles of Governance Code viz., transparency, accountability and integrity.

Company's philosophy on Corporate Governance accordingly envisages attainment of high level of transparency, accountability and integrity in all its areas of operations on the one hand and in its interactions with stakeholders viz., shareholders, employees, customers, suppliers, lenders and the government on the other, with ultimate object of protecting the interests of all stakeholders, and enhancing the shareholders value over a sustained period of time.

### 2. BOARD OF DIRECTORS:

The Board of Directors consists of seven Directors of which two are executive and five are non-executive Directors and among these two are promoter Directors and five are Independent Directors including one small Shareholder Director. The Independent Directors constitute 71.43% of the Board's strength. Again non-executive Directors constitute 71.43% of the board's strength. The Chairman of the board is Non-executive, Independent Director. Shri T. Sreerama Murthy, Executive Director (Operations) ceased to be Director of the Company due to resignation with effect from 02.03.2015.

• Composition and category of Directors is as follows:

Category	Name of the Director
I. Executive Directors	
a) Promoters	1. Shri A.S.Rao 2. Shri A.Naresh Kumar
II. Non-executive Directors	
a) Independent Directors	1. Shri K.Thanu Pillai 2. Shri Syed Anis Hussain 3. Shri S.N.Rao 4. Smt. Y Prameela Rani 5. Shri M.S.Rama Mohan Rao

Independent Directors are Non-executive Directors within the meaning of Section 2 read with Section 149(6) of the Companies Act 2013 and clause 49 of the Listing Agreements entered into by the Company. All the Independent Directors have confirmed that they meet the criteria as provided in Section 149 of the Companies Act 2013 and clause 49 of the Listing Agreements entered into by the Company. The tenure of Independent Directors is five years from the date of their appointment.

• Attendance of each Director at the Board of Directors meetings and the last Annual General Meeting:

Name of the Director	Board meetings		Attendance at Last AGM
	Held	Attended	
Shri K.Thanu Pillai	5	5	Yes
Shri A.S.Rao	5	5	Yes
Shri Syed Anis Hussain	5	5	Yes
Shri S.N.Rao	5	4	Yes
Smt Y.Prameela Rani*	2	2	Not Applicable
Shri M.S.Rama Mohan Rao*	2	0	Not Applicable
Shri A.Naresh Kumar	5	5	Yes
Shri T.Sreerama Murthy**	2	2	Not Applicable

\* Appointed as Directors at the 25<sup>th</sup> Annual General Meeting w.e.f 01.10.2014.# Ceased to be Director w.e.f 02.03.2015.

• Number of other Board of Directorships, board committees he/she is a member or chairperson of:

Name of the Director	Board of Directors		Board committees	
	Director	Chairman	Member	Chairman
Shri K.Thanu Pillai	10	None	3	1
Shri A.S.Rao	3	None	None	None
Shri Syed Anis Hussain	3	None	None	None
Shri S.N.Rao	None	None	None	None
Smt Y.Prameela Rani	1	None	1	None
Shri M.S.Rama Mohan Rao	2	None	None	None
Shri A.Naresh Kumar	4	None	None	None

None of the Directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are Directors.

- Number of board meetings held, dates on which held:

During the year the Company has held five Board of Directors meetings. The dates on which these meetings held were: 30<sup>th</sup> May 2014; 14<sup>th</sup> August 2014; 30<sup>th</sup> September 2014; 14<sup>th</sup> November 2014; and 12<sup>th</sup> February 2015. The maximum interval between any two meetings was not more than four calendar months. The Independent Directors have met one time on 30<sup>th</sup> March 2015 for familiarisation programme.

- Reappointment of Directors at the 26<sup>th</sup> Annual General Meeting:

Shri A.S.Rao in terms of modification of terms of appointment at the 25<sup>th</sup> Annual General Meeting held on 30.09.2014 is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered himself for re-appointment.

Shri A.S.Rao, B.Tech (Hons) in Metallurgy is the Chief Promoter of the Company who has to his credit over five decades of rich experience in the Iron and Steel industry. He had earlier served in Steel Authority of India Limited (SAIL) for over 21 years before moving on to his own business. He is a first generation entrepreneur and has successfully implemented the existing Pig Iron project in 1992-93 with a distinction of being the first project of its kind to have Co-generation Power plant and also the least cost project of similar capacity in the country. Shri Rao took active part and was the guiding force in the brownfield expansions and setting up of greenfield projects implemented during the last one and a half decade by the Company involving both backward and forward integration whereby the Company grew from manufacturer of a single product to a basket of products reaping and retaining significant value additions to the Company in the chain of Iron making. Shri Rao was the Managing Director of the Company during the period from 1991-1999 and is at present the Executive Vice Chairman of the Company. Under his able stewardship the Company weathered ups and downs in the industry and the present growth in the Company could be squarely attributed to his expertise and hard work.

- Familiarisation Programme of Independent Directors: At every meeting of the Board of

Directors, the Whole Time Directors, over and above the agenda items, give an updation to the Independent Directors on the various technical, financial and general business aspects as affecting the Company's business. The departmental heads from various departments were also called in to explain to the Independent Directors technical, financial, commercial, legal aspects affecting the Company's business. Details of familiarisation programme to the Independent Directors are placed in the investors' column of the company's website at [www.sathavahana.com](http://www.sathavahana.com).

- **Policy on selection and appointment of Directors:**

Selection and appointment of Directors triggers whenever there is a casual vacancy in the Board or when the Board is of the opinion that it be strengthened to bring in diversity and expertise to the Board or to comply with any regulatory directions or with terms and conditions of the agreements.

Nomination and Remuneration Committee is entrusted with the task of identifying suitable persons by personal contacts or data bases. The selection criteria generally are based on personal virtues, qualifications, skills, talent and ability to analyse and judge the issues, dynamism and leadership, experience and expertise in technical, finance, commercial, human resources management etc. After selection of a suitable person, the Nomination and Remuneration Committee considers the appointment on the Board and then recommends the candidature to the Board. The appointment of Director generally is done at the General Meetings unless situation warrants immediate appointment.

Nomination and Remuneration Committee ensures that the appointees meet the criteria of independence as provided in Section 149 of the Companies Act 2013 and clause 49 of the Listing Agreements entered into by the Company. The tenure of appointment of Independent Directors is five years and the office held by Independent Directors is not liable for retirement of Directors by rotation. In the appointment of Whole Time Directors the Committee also ensures that the appointees meet the criteria as provided in the Companies Act 2013 and Clause 49 of the Listing Agreements entered into by the Company and the tenure of each appointment is generally three to

five years. The office held by Whole Time Directors with the exception of office held by Managing Director, is liable for retirement of Directors by rotation.

• **Board's performance evaluation:**

Independent Directors have met on 30<sup>th</sup> March 2015 to carry out performance appraisal of the Independent Directors where the role and responsibilities of Independent Directors in terms of various provisions of Companies Act 2013 and clause 49 of the Listing Agreements entered into by the Company with the Stock Exchanges were discussed. As a part of Independent Directors' training Shri D. Hanumanta Raju of M/s. D. Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad gave a brief on the role and responsibilities of the Independent Directors. Later the Whole Time Directors joined the meeting for carrying out the evaluation of Board/Board Committees/Individual Directors. Where performance of individual Director was evaluated, the Director concerned stayed away from the process. Before attempting at evaluation process the Board recognized its fiduciary role, its role in planning and formulating long term strategies, goals and policies and its duties to the Company and Stakeholders.

The performance evaluation of the Board was carried out with reference to its understanding of Company's mission; governing principles; long term vision, strategies, policies; industry and product profile; company's role and responsibility as a corporate citizen. Board's performance evaluation was also done among others with reference to its ability and capability to guide the Company on long term policies, long range strategic thinking and planning. Evaluation performance also touched upon parameters like Board's ability to stay abreast of issues and trends; open communication, meaningful participation and sound resolution of issues and policy related decisions. From the point of view of meetings conducted, the evaluation performance was reviewed with reference to whether meeting facilitates focus & progress on important Company matters, reconsider and revises policies as and when required; whether new members received prompt and thorough orientation; whether reports on performance, finances, targets are presented timely; whether agendas are well balanced allowing appropriate time for critical

issues; whether meetings are held for sufficient length, whether agendas are timely, accurate, contains useful and sufficient information so as to facilitate rightful decision making; whether the functioning of Board is collegial, polite during meetings, respects majority view on issues; communicates its directions, delegations in one voice and whether the meetings are held on regular basis and in compliance with regulatory requirements. With reference to performance evaluation of various Board Committees the issues like whether the composition of each Committee is adequate and balanced, whether the deliberations at the Committee meetings were within the overall objectives for which it was constituted, whether the deliberations are effectively and adequately communicated to the Board, and whether the meetings are held on regular basis and members are participating in the meetings regularly.

In the performance evaluation of each Director the parameters that were applied include whether he or she is regular in attendance, timely present, read the material, feels involved and interested in the Board's work; whether effectively communicating governance and ethical problems to the Board and in cases of conflict of interest avoid participation in the discussions; whether initiates discussions in a meaningful and helpful way, constructively participates and makes timely decisions; whether understands his/her fiduciary duties and acts for the benefit of stakeholders rather than any select group; whether working as a team member striving for consensus while expressing dissent where required; whether working with Whole Time Directors in a way to create trust and co-operation; whether where required avail the assistance and services of staff and outside consultants without hesitation and prevails upon the Board to agree and whether the functioning was within the overall goals and objectives of the Company.

The Board expressed its satisfaction on the overall performance of the Board, its Committees and of each Director during the year.

**3. AUDIT COMMITTEE:**

The Audit Committee of the Board of Directors has been reconstituted on 14.11.2014 by inducting Smt. Y. Pameela Rani and Shri M.S.Rama Mohan Rao both Independent Directors. The Audit Committee of Board of Directors comprises Shri



K. Thanu Pillai, Shri Syed Anis Hussain, Shri S.N.Rao, Smt Y. Prameela Rani and Shri M.S.Rama Mohan Rao as its members all of whom are Independent Non-executive Directors. Shri K. Thanu Pillai is the Chairperson of the Audit Committee. Company Secretary is also functioning as Secretary to the Audit Committee. Representatives of Statutory Auditors and representatives of Internal Auditor are invited to be present at the meetings of the Committee. The Audit Committee meets the requirements of both section 177 of the Companies Act 2013 and Clause 49 of the Listing Agreements entered into by the Company.

The Committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 177 of the Companies Act, 2013 as amended from time to time and also such additional powers, functions / features, duties, obligations and discretions as is contained in Clause 49 of the Listing Agreements entered into by the Company with the Stock Exchanges where the Shares of the Company are listed and as amended from time to time and / or any other powers, duties and obligations that may be given or assigned from time to time by the Board of Directors and the said Committee shall submit its reports, recommendations etc., to the Board of Directors on all matters.

The Audit Committee met four times during the year. The attendance of the members at these meetings vis-à-vis meetings held during their tenure was as under: Shri K. Thanu Pillai 4/4; Shri Syed Anis Hussain 4/4; Shri S.N.Rao 3/4 and Smt Y.Prameela Rani 2/2. The necessary quorum was present at all the meetings. At the last Annual General Meeting held on 30.09.2014, Shri K. Thanu Pillai, Chairperson of the Committee was present.

#### **4. NOMINATION AND REMUNERATION COMMITTEE:**

Nomination and Remuneration Committee which has been re-constituted on 30.05.2014, comprises Shri K. Thanu Pillai; Shri Syed Anis Hussain and Shri S.N.Rao as its members all of whom are Independent Non-executive Directors. Shri K. Thanu Pillai is the Chairperson of the Nomination and Remuneration Committee.

The responsibilities of the Committee is to review and fix the remuneration package of the Managing/Whole-time Directors/ Key Managerial Personnel based on performance and other criteria; to consider and approve service contracts, notice period, severance fee; and to consider and

approve stock option schemes, if any; to consider and review the appointment of Independent Directors; any other powers, duties and obligations that may be given or assigned from time to time by the Board of Directors and the said Committee shall submit its reports, recommendations etc., to the Board of Directors on all matters. The Committee has met twice during the financial year and the necessary quorum was present in the meetings held. The attendance of the members at these meetings vis-à-vis meetings held was as under: Shri K. Thanu Pillai 2/2; Shri Syed Anis Hussain 2/2; and Shri S.N.Rao 1/2.

Details of Remuneration Policy and payment of remuneration to all the Directors:

##### a) Remuneration Policy to Directors/KMPs/other managerial employees:

The Remuneration Policy of the Company envisages payment of suitable remuneration so as to attract, recruit and retain the talented and suitable people based on the Company's business requirements. The Company do not provide any Stock Options to the Executive Directors or to the Key Managerial Personnel.

##### i) Remuneration Policy to Whole Time Directors:

The remuneration to Whole Time Directors comprises both fixed and variable pay. The fixed pay consists of basic salary with such perquisites and allowances as is allowed in terms of their respective appointments. The variable pay comprises a performance linked commission on profits in accordance with the terms of appointment. In the event of inadequacy of profits or loss reported by the Company in a financial year, the remuneration payable to Whole Time Directors shall be restricted to the limits as set out in the terms and conditions of their respective appointments and in accordance with provisions contained in the Companies Act 2013. The terms and conditions of each of Whole Time Directors are set out in the resolutions recommended by the Nomination and Remuneration Committee, the Board and approved by the Shareholders at the General Meetings. The Office of the Managing Director held by Shri A. Naresh Kumar is covered under Key Man Insurance. The Whole Time Directors are not entitled to any sitting fee towards the Board and Committee meetings they attend.

ii) Remuneration Policy to Independent Directors:

Remuneration to Independent Directors comprises sitting fee for attending Board and Committee meetings which they attend which is fixed uniformly for all the Independent Directors. The sitting fee payable to Independent Directors is fixed periodically by the Board. The sitting fee is payable only for the meetings the Independent Directors attend to. Travelling and conveyance expenses are reimbursed for attending to the meetings and company's business travel. There is no performance linked variable pay to the Independent Directors.

iii) Remuneration Policy to Key Managerial Personnel and other Managerial employees:

The remuneration to the Key Managerial Personnel and other managerial employees is by way of fixed salary and some performance based incentives. Salary comprises basic salary, allowances and perquisites in accordance with the company's policy. Salaries are subject to annual increments ranging from 8 to 12 percent on an average with certain exceptions for those whose performance is considered better. Salaries and annual increments are considered in consultation with the Nomination and Remuneration Committee. These personnel are covered under the group insurance policies of the Company.

b) Remuneration paid during the year to Executive Directors:

Name of the Director	₹			
	Salary and Allowances	Benefits	Commission	Total
1. Shri A.S.Rao Executive vice Chairman	2280000	201061	0	2481061
2. Shri A. Naresh Kumar Managing Director	3480000	312537	0	3792537
3. Shri T. Sreerama Murthy Executive Director (Operations)*	950000	59000	0	1009000
Total	6710000	572598	0	7282598

Note: The above salary and allowances are net of recoveries made and in terms of approval

accorded by the Nomination and Remuneration Committee in accordance with Schedule V of the Companies Act 2013 and in accordance with the terms and conditions of their respective appointments.

c) Remuneration paid during the year to Non-Executive Directors:

Name of the Director	Sitting fee (in ₹)			No. of Equity Shares held
	As a Director	As a Committee Member	Total	
1. Shri K.Thanu Pillai Director / Chairman	72000	40000	112000	2000
2. Shri Syed Anis Hussain, Director	72000	110000	182000	1000
3. Shri S.N.Rao, Director	60000	29000	89000	0
4. Smt Prameela Rani, Director	36000	16000	52000	0
5. Shri M. S. Rama Mohan Rao, Director	12000	0	12000	500
Total	252000	195000	447000	3500

5. **STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The erstwhile Shareholder's & Investors Grievance Committee has been re-designated as Stakeholders' Relationship Committee with effect from 30.05.2014. The Stakeholders' Relationship Committee comprises Shri Syed Anis Hussain, Shri A.S.Rao and Shri A.Naresh Kumar as its members and is headed by Shri Syed Anis Hussain as Chairperson. Shri K.V. Krishna Rao, Chief Financial Officer & Company Secretary has been nominated as the Compliance Officer.

The Board of Directors entrusted, inter alia, the following powers and responsibilities to the Committee:

- To approve and register transfer, transmission, issue of Equity Shares other than duplicate shares; to approve the demat requests, remat requests in connection with dematerialisation and/or rematerialisation of Equity Shares;
- To attend to Shareholders' grievances and redress the complaints of shareholders and attend to the complaints received from other authorities.

During the year the Committee has met 24 times. The necessary quorum was present in all the meetings.

During the year under review, Company received a total number of 14 shareholders' complaints. All these complaints were redressed / replied to the satisfaction of the shareholders and no complaints were outstanding as on 31<sup>st</sup> March 2015.

Share transfers in dematerialisation mode pending on 31<sup>st</sup> March 2015 were nil.

#### 6. CODE OF BUSINESS CONDUCT AND ETHICS:

In line with the avowed policy on Corporate Governance, the Company has evolved a Code of Business Conduct and Ethics (hereafter referred to as "the Code") applicable to all Directors and senior management of the Company and the same was adopted by the Board of Directors at its meeting held on 29<sup>th</sup> April 2006. The Code is appended to this Annual Report as an exhibit elsewhere. A link is available in Company's website at [www.sathavahana.com](http://www.sathavahana.com) under investors' column.

The Code has since been circulated to all the Directors and members of senior management and their compliance reports for the financial year 2014-15 have been obtained by the Company.

Statement furnished by the Managing Director as to the compliance of the terms of the Code by the Company is given below:

#### **"COMPLIANCE OF CODE OF BUSINESS CONDUCT AND ETHICS BY THE COMPANY.**

I hereby declare and confirm that the Company has complied with the terms of Code of Conduct and Business Ethics evolved by the Company and has obtained the statements of compliance from all the members of the Board of Directors and senior management of the Company for the financial year 2014-15 and further confirm that there are no incidences of violation of the code.

Sd/-

(A.Naresh Kumar)

Managing Director."

#### 7. CEO / CFO CERTIFICATION:

The Managing Director jointly with Chief Financial Officer have furnished to the Board of Directors a certificate certifying therein, inter alia, that the Financial Statements and the Cash Flow Statement for the financial year 2014-15 submitted to the Audit Committee and to the Board of Directors, have been reviewed by them and further affirmed

to the best of their knowledge and belief (a) that there are no materially misleading and untrue statements; (b) that the statements comply with existing Accounting Standards, applicable laws and regulations; (c) that they have established and evaluated the internal control systems for financial reporting while disclosing to the Audit Committee, Board of Directors and Statutory Auditors deficiencies, if any, including remedies taken thereof and also significant changes, made if any, in internal controls and accounting policies.

#### 8. GENERAL BODY MEETINGS:

Location and time, where last three Annual General Meetings (AGM) held:

Year	Type of meeting	Venue	Date	Time
2011-12	AGM	Sri Saji Rama Krishnam Raju Community Hall, Madhuranaagar, Hyderabad-500 038	29.09.2012	12.30PM
2012-13	AGM	Same as above	30.09.2013	3.00PM
2013-14	AGM	Same as above	30.09.2014	3.00PM

No postal ballots were used / invited for voting at the last Annual General Meeting in respect of special resolutions passed. There are no special resolutions, which are proposed to be passed through postal ballot for the year under review.

During the year under review, the Company has not called for any Extraordinary General Meeting.

In the 25<sup>th</sup> Annual General Meeting the following Resolutions were passed with requisite majority as Special Resolutions:

- i) Re-appointment of Shri A. Naresh Kumar as Managing Director;
- ii) Appointment of Shri T. Sreerama Murthy as Executive Director (Operations).

No Special Resolutions were passed in the 23<sup>rd</sup> and 24<sup>th</sup> Annual General Meetings held on 29.09.2012 and 30.09.2013 respectively.

During the year under review Postal Ballot was conducted by the Company for the purposes of passing Special Resolutions under sections 180 (1)(a); 180 (1)(c) and section 151 read with section 152 of the Companies Act 2013 and these resolutions were approved by requisite majority of the members. The Company has appointed Shri D.Hanumanta Raju, Partner of M/s. D. Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad as Scrutiniser for conducting the said Postal Ballot voting process in a fair and transparent manner.

**9. DISCLOSURES:**

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

The following are the Related Party Transactions with the Directors:

- (i) Rental Agreements: ₹

Name of the Related Party	Nature of transaction Rental Income
Shri A. Naresh Kumar, Managing Director	583200
Shri A. Ashok Kumar, Relative of two Directors	1000800
Smt. A. Mutya Bai, Relative of two Directors	983400

- (ii) Acceptance / Repayment of Loans and interest: ₹

Name of the Related Party	Nature of transaction		
	Acceptance of Loans	Repayment of Loans	Interest Paid / Payable
Shri A. Naresh Kumar, Managing Director	Nil	88000000	1053107

The above Related Party Transactions were at arm's length price in the ordinary course of business. These transactions were approved by the Audit Committee and the Board of Directors. There is no pecuniary relationship or transaction of the non-executive Directors' vis-à-vis the Company. The Policy on Related Party Transactions is made available on Company's website at [www.sathavahana.com](http://www.sathavahana.com).

- b) Corporate Social Responsibility:

The Company has constituted on 14.11.2014 Corporate Social Responsibility Committee (in short "CSR Committee") to discharge Corporate Social Responsibility as provided in Section 135 of the Companies Act 2013 and clause 49 of the Listing Agreements entered into by the Company. The Committee comprises two Independent Directors viz., Shri S.N.Rao, Shri Syed Anis Hussain and two Non-independent Directors viz., Shri A.S.Rao, Shri A. Naresh Kumar as members. The members of the Committee shall elect one from amongst themselves as Chairperson at every meeting of the Committee.

CSR committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 135 of the Companies Act, 2013 as amended from time to time and Rules, Notifications, circulars issued under the said Act and also such additional powers, functions / features, duties, obligations and discretions as is contained in the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and as amended from time to time and / or any other powers, duties and obligations that may be given or assigned from time to time by the Board of Directors and the said Committee shall submit its reports, recommendations etc., to the Board of Directors on all matters.

The Corporate Social Responsibility shall be discharged by the CSR Committee in consultation with the Board of Directors. The CSR Committee shall meet as often as required and shall meet at least once in a year.

The CSR Committee shall prepare Annual CSR plan at the beginning of each financial year in line with provisions read with Schedule VII of the Companies Act 2013 and the CSR Rules and which shall be referred to the Board for its approval. The CSR activities shall be those covered under the Companies Act 2013 apart from any such activity which in the opinion of the CSR Committee is desirable and in the interest of society and public at large.

The Budget for CSR activities shall be a minimum amount as computed under the provisions of Section 135 of the Companies Act 2013 and the Rules thereunder if any and the Board shall be the authority to increase / decrease the budget subject to fulfilling the statutory requirements.

The CSR Committee shall submit its reports, recommendations etc., to the Board of Directors on all Corporate Social Responsibility matters.

The policy shall be subject to review and amendment as and when required and the

- Board of Directors is the authority for such review and amendment.
- During the year, the Company in terms of provisions of sub section 5 to Section 135 of the Companies Act 2013 is not required to earmark any fund for Corporate Social Responsibility activities in view of the past losses.
- c) **Whistle Blower Mechanism:**  
The Company has constituted a Whistle Blower Committee within the Audit Committee on 30.05.2014 with Shri K.Thanu Pillai as Chairperson and Shri Syed Anis Hussain and Shri S.N.Rao as members. The Committee oversees the implementation of Whistle Blower / Vigil Mechanism and is empowered to take all necessary steps, decisions required in connection with whistle Blower system. The Whistle Blower Mechanism is available to all the stakeholders of the Company and assures adequate safeguards against victimization to the Whistle Blowers. The Chairperson can be reached at [info@sathavahana.com](mailto:info@sathavahana.com). The Whistle Blower Mechanism details are also provided on Company's website [www.sathavahana.com](http://www.sathavahana.com) in investors' column.
- d) **Nirbhaya Committee:**  
The Company has constituted on 30.05.2014 a Committee by name "Nirbhaya Committee" as required under the provisions of Companies Act 2013 and clause 49 of the Listing Agreements entered into by the Company for monitoring and ensuring the safety and security of women employees with Shri A.S.Rao, Shri A. Naresh Kumar and Shri S.N.Rao as members. The members of the Committee shall elect a Chairman from amongst themselves for every meeting of the Committee. The Committee is empowered to take all steps, decisions required in connection with safety and security of women employees and to delegate all or any of the Power hereby conferred. The Committee has not met during the year as there were no agenda to be discussed.
- e) The Company do not have any holding and subsidiary company to be reported. The accompanying Financial Statements are on Standalone basis.
- f) **Details of non-compliance by the Company:**  
There were neither instances of non-compliance by the Company nor penalties, strictures imposed on the Company by any Stock Exchange or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years.
- g) **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of clause 49 of Listing Agreement:**  
The Company hereby declare that the Company has complied with all the mandatory requirements of clause 49 of the Listing Agreements. Non-mandatory requirements of clause 49 of the Listing Agreements will be adopted as and when these are felt necessary.
- h) **Accounting treatment:**  
In the preparation of the Financial Statements, the Company has followed the accounting principles generally accepted in India, including Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies that were consistently applied have been set out in the Notes to the Financial Statements.
- i) **Risk Management:**  
The Board engaged itself with the task of Risk Management by preparing, implementing and monitoring the risk management plan of the Company. The Board apart from ensuring the effectiveness of risk management covering internal financial risks and controls also reviews the same on regular basis. Major risks identified by the Board are monitored on a regular basis.

**10. MEANS OF COMMUNICATION:**

Half yearly and quarterly results are normally published in the newspapers viz., The Financial Express (English daily) and the Andhra Prabha (Telugu daily) on approval of the financial results by the Board of Directors. The Company immediately after announcement of financial results sends to the Stock Exchanges the financial results. Annual reports are also being sent to the Stock Exchanges simultaneously at the time of posting to the members and the same are being made available on the websites of Stock Exchanges where the shares of the Company are listed and also on Stock Exchanges sponsored website [www.corpfilings.co.in](http://www.corpfilings.co.in). The financial results and annual reports would also be made available on Company's website [www.sathavahana.com](http://www.sathavahana.com) in the investor's column.

Financial results are sent regularly to Stock Exchanges where the shares of Company are listed, financial institutions and banks upon their publication.

Management Discussion and Analysis forms part of the Directors' Report.

**11. GENERAL SHAREHOLDERS INFORMATION:**

- a) AGM : 26<sup>th</sup> Annual General Meeting  
Day and Date : Wednesday, the 30<sup>th</sup> September 2015  
Time : 3.00 p.m.  
Venue : Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad – 500 038.

- b) Financial Calendar: Tentative schedule is as under.

- i) Unaudited Financial Results  
1. First quarter : First fortnight of August 2015.  
2. Half yearly : First fortnight of November 2015.  
3. Third quarter : First fortnight of February 2016.

- ii) Audited Financial Results: Last week of May 2016.

- c) Date of book closure:

- i) Physical Mode : 16.09.2015 to 30.09.2015 both days inclusive.  
ii) Electronic Mode : 15.09.2015.  
iii) Cut off Date / Record Date : 15.09.2015

- d) Listing on Stock Exchanges, Stock Code, Demat Code:

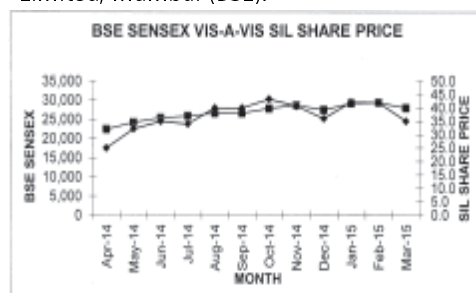
Name of the Stock exchange	Stock code
BSE Limited	526093
National Stock Exchange of India Limited	sathaispat
ISIN Code for electronic trading and dematerialisation in NSDL / CDSL	INE 176C01016

The fee to the above Stock Exchanges has been paid upto financial year 2015-16.

- e) Market price data: high/low price on BSE during each month in last financial year 2014-15.

₹					
Month	High	Low	Month	High	Low
April	29.50	23.60	October	44.60	37.75
May	36.45	24.75	November	46.80	40.15
June	37.50	31.00	December	42.30	36.00
July	37.00	33.05	January	45.50	35.20
August	41.20	33.40	February	49.50	40.30
September	41.50	35.35	March	43.90	34.00

- f) Market price (closing) performance in comparison to broad based index of The BSE Limited, Mumbai (BSE):



- g) Registrar and Transfer Agents: The Company has appointed M/s. XL Softech Systems Limited, who are acting as share transfer agents for physical transfers as well as for electronic transfers effective from 1<sup>st</sup> April 2006 and their address is as under:

M/s. XL Softech Systems Limited,  
#3, Sagar Society, Road No.2,  
Banjara Hills,  
HYDERABAD – 500 034  
email: xlfield@gmail.com

- h) Share transfer system: The Company's Shares are under compulsory dematerialisation category and transfers in electronic mode are affected on line by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In respect of physical shares received for transfer the share transfer agent normally processes the requests within 10 to 15 days and affects the transfer, if all the papers received were in order. The share transfer agent after affecting the transfer of the shares sends the same immediately.

i) Distribution of shareholding and shareholding Pattern as on 31<sup>st</sup> March 2015:

No. of shares		No. of Shareholders		Shareholding	
From	To	Nos.	% to total	Nos.	% to total
1	500	13378	82.44	2832396	5.57
501	1000	1438	8.86	1270725	2.50
1001	2000	567	3.50	904619	1.78
2001	3000	208	1.28	550210	1.08
3001	4000	122	0.75	439368	0.86
4001	5000	111	0.69	526045	1.03
5001	10000	169	1.04	1237157	2.43
10001 and above		234	1.44	43139480	84.75
Total		16227	100.00	50900000	100.00

The shareholding pattern as on 31<sup>st</sup> March 2015:

S.No.	Category of shareholder	Number of share holders	Total Number of shares	Total shareholding as a percentage of total number of shares
<b>A.</b>	<b>Shareholding of Promoter and Promoter Group</b>			
A.1	Indian	8	16290090	32.00
A.2	Foreign	1	2520000	4.95
	Sub - Total (A)	9	18810090	36.95
<b>B.</b>	<b>Public Shareholding</b>			
B.1	Mutual Funds	5	31700	0.06
	Financial Institutions / Banks	7	12800	0.03
	Foreign Institutional Investors	2	9980000	19.60
B.2	Bodies Corporate	221	1427915	2.81
	Individuals	15774	14552993	28.59
	Trust	1	1400	0.00
	Non Resident Indians	175	281003	0.55
	Clearing members	32	102099	0.21
	Foreign Bodies Corporate	1	5700000	11.20
	Sub - Total (B)	16218	32089910	63.05
	<b>Grand Total (A + B)</b>	<b>16227</b>	<b>50900000</b>	<b>100.00</b>

Top ten Equity Shareholders of the Company as on March 31, 2015:

S.No.	Name of the Shareholder	Number of Equity Shares held	Percentage of holding
1	Stemcor AG, Switzerland	5700000	11.20
2	Plutus Terra India Fund, Mauritius	4990000	9.80
3	Antara India Evergreen Fund Ltd., Mauritius	4990000	9.80
4	Smt A. Mutya Bai	4921585	9.67
5	Ganapati Adusumilli Fininvest Private Limited	4200000	8.25
6	Shri A.Ashok Kumar	3319110	6.52
7	Ganapati Holdings Pte Limited, Singapore	2520000	4.95
8	Shri A. Naresh Kumar	2019105	3.97
9	Shri A.S.Rao	1424000	2.80
10	Shri Miten Mehta	550000	1.08

Dematerialisation of shares: The Company's shares are in compulsory dematerialisation category w.e.f. 26.02.2001 with ISIN No. INE176C01016. The Company has established electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Depository transfer agents M/s. XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD – 500 034. So far 48725073 shares constituting 95.73% of paid-up share capital have been converted into fungible form upto 31.03.2015. The Company's Equity Shares are regularly traded in dematerialised form on BSE (Stock Code:526093) and NSE (stock code: sathaispat).

Reconciliation of Share Capital Audit: Reconciliation of Share Capital audit was carried out on quarterly basis by a qualified practicing Company Secretary to reconcile the Equity Share Capital held in dematerialised form with both Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in Physical Form. The Share Capital Audit Reports confirm that the number of Equity Shares as per the Issued and Paid-up Equity Share Capital is in agreement with the number of Equity Shares held in aggregate in physical form and dematerialised form with NSDL and CDSL. No Equity Shares were held in any suspense account.

Issue of GDRs/ADRs/Warrants: The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments which are outstanding as on March 31, 2015. The Share Warrants issued in the past were fully converted into Equity Shares within the time frame allowed for such conversion.

j) Plant locations:

1. Haresamudram Village, Bommanahal Mandal, Anantapuramu District, Andhra Pradesh.	2. Kudithini Village, Korugodu Road, Bellary District, Karnataka.
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k) Address for correspondence:

Corporate Office:

Sathavahana Ispat Limited,  
505, 5<sup>th</sup> Floor, Block –1, Divyashakti Complex,  
Ameerpet, Hyderabad – 500 016  
Telangana State

Registered Office:

Sathavahana Ispat Limited,  
314, Sri Ramakrishna Towers,  
Nagarjuna Nagar, Hyderabad – 500 073  
Telangana State

l) Company's Corporate Identity Number (CIN): L27109TG1989PLC010654.

The Report on Corporate Governance and accompanying Management Discussion and Analysis is prepared in compliance with requirements of Clause 49 of the Listing Agreements entered into by the Company and forms part of Directors' Report and as such is to be read in conjunction with the Directors' Report.

for and on behalf of the Board

Place: Hyderabad

Date: 14.08.2015

(K.THANU PILLAI)

CHAIRMAN

(DIN:00115814)



## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS:

The Company is engaged in the manufacture and sale of Pig Iron; Ductile Iron Pipe making and also Metallurgical Coke - an input material for Pig Iron, thus operates in the iron and steel industry, which is considered as core sector. The Company is also into Power generation.

The Company is using Mini Blast Furnace Technology. The Company operates Blast Furnace with technology sourced from Sino-Steel for Pig Iron making. The Company uses the Anshan technology, sourced from P.R.China for Metallurgical Coke making. The technology for Ductile Iron Pipe making was sourced from Chinese Academy of Agriculture Mechanisation Sciences (CAAMS), China.

Pig Iron is of two grades – basic grade and foundry grade. Basic grade is used in the manufacture of Steel and whereas foundry grade is used for making castings. Basic grade is produced mainly by the Integrated Steel Plants (ISPs) for captive consumption in the manufacture of steel and exports. Part of the production is also diverted to the domestic market. Foundry grade is mainly used for castings and is produced by the Mini Blast Furnace units.

Pig Iron is the basic raw material for most of the engineering products and construction industry. Pig Iron is also a raw material for foundry and engineering industry also. With the significant growth in the main user industries like automobiles, construction, foundries, the demand for iron and steel has increased significantly. The total production of Pig Iron in India has increased from one and a half Million tons in 1991-92 to the present level of over nine million tons in 2014-15. The production for sale of Pig Iron as per statistics (provisional) released by the Joint Plant Committee (JPC) attached to the Ministry of Steel for the financial year 2014-15 is at 9.708 million tons as against 7.980 million tons in the previous year, registering a comfortable growth. Muted economic growth in most of the economies, Supply side issues and volatile prices of raw materials, intensive competition from Integrated Steel Players have had a significant bearing on the performance of the Pig Iron industry in India.

Metallurgical Coke is the key input material for Iron making. The Company has integrated itself backward for this key input material. The surplus Metallurgical Coke production from this facility is

being sold in the nearby market. The Company also is operating a Co-generation Power plant where the surplus Power after meeting the captive needs is being sold to third parties.

The Company has implemented Ductile Iron Pipe making facility as a forward integration to the Pig Iron making and the same was commissioned on 01.04.2015. Ductile Iron Pipes are mainly used for water transportation and sewerage works which are sponsored by the governments, municipalities etc. Given the longevity and durability and the thrust given by the governments for providing safe drinking water and for providing better sewerage facilities to both urban and rural areas, the usage of Ductile Iron Pipes is likely improve over the period.

### GLOBAL SCENARIO:

The global Iron and Steel industry witnessed muted growth during the year in line with the slowdown in the global GDP growth. Global macroeconomic environment remained in stressed zone impacting the growth prospects across all economies. Amid the continuation of slowed growth prospects, the commodity markets, in particular Iron and Steel markets, suffered due to lower and stagnated demand. As a result the global Iron and Steel industry ended with excess capacity build ups, falling markets, sharp decline in the prices of finished goods and this led to underperformance in the sector. On these concerns, the Steel production grew marginally in 2014 to 1.64 billion tons from 1.62 billion tons in 2013. Asia continues to be the dominant player in the global Iron and Steel sector when it accounted for about 67.9% of the global production in 2014. Although China witnessed its slowest growth in the last two decades amid concerns of depressed real estate and sharp decline in construction sector, yet it remained largest producer and consumer of Steel globally and in Asia too when it accounted for 822 million tons in 2014 as against 815 million tons in 2013. Japan, India and South Korea together account for 16.2% of global Steel production and 23.9% of the Asian Steel production. In line with the stagnated growth in the Steel production, the global Pig Iron production too remained muted at 1.18 billion tons in 2014 as compared with 1.16 billion tons in 2013. On the concerns of economic instability, falling commodity markets, excess capacity build ups, the global Iron and steel industry experienced creepy growth.

**INDIAN SCENARIO:**

The Indian Steel industry during the year 2014-15 reported a modest growth of 3.3% when it reported saleable production of steel at 90.5 million tons as against 87.7 million tons in financial year 2013-14. The Indian Steel industry bucked up the declining global trend on the back of moderated economic growth. India continued to lead the pack of Steel producing nations as it ranked to be the third largest producer in Asia and fourth largest producer in the world. However with sharp increase in imports by alarming 71% which have gone up from 5.45 million tons in the last year to 9.32 million tons in the current year and a sharp decrease in exports recording a negative growth of 8.1% where the volumes have come down from 5.99 million tons the year before to 5.50 million tons in this year, the industry has been put at a much disadvantageous position. With inventory build ups and negative external trade trends, the apparent steel consumption grew only moderately to 76.4 million tons from 74.1 million tons registering a modest growth of 3.1%. The Indian Pig Iron industry too recorded improved production of 9.71 million tons as against 7.95 million tons in the previous year. In consequence the apparent consumption has improved from 7.10 million tons to 9.1 million tons. The external trade of Pig Iron in the year showed a net negative trend of 43% with sharp decline in exports. The Pig Iron sector continued to suffer from sluggish market conditions, volatile foreign exchange fluctuations, rapid decline in price trends of finished goods over raw materials and high interest rates all of which have exerted pressure on the margins of the Pig Iron industry.

**PRICE TRENDS:**

The year saw rapid decline in price trends -both in finished goods and raw materials, but the trend in finished goods decline outpaced the declining trend in the raw material prices impacting the margins significantly. The prime Coking Coal prices which touched a peak of about US\$130/mt F.O.B Australia during the year have softened towards year end to about US\$110/mt F.O.B Australia. The Iron Ore prices too have fallen from ₹4200/mt to about ₹3000/mt towards year end. The finished Steel prices have fallen from high of ₹41000/mt to about ₹30000/mt towards year end. The Metallurgical Coke prices that were ruling at ₹19500/mt have moderated to about ₹14500/mt levels towards year end. The prices of foundry grade Pig Iron were also moderated from peak of

₹28500/- to about ₹21500/mt. The continuous fall in price lines often coupled with time lag in corrections led to lower margins which in turn impacted the performances of Iron and Steel industry.

**2. OPPORTUNITIES, THREATS, RISKS AND CONCERNS:**

- i) As the Company's Pig Iron enjoys brand value and being one of the low cost producers of Pig Iron, there is an opportunity of increasing the market share. The Company has augmented additional capacity at its existing operations to improve its market share.
- ii) Opportunity of modernising the plant, which not only facilitates further efficiency and reduction in process costs but also increases volumes. The Company is carrying out on a continuous basis modernisation of its existing operations to improve its efficiency parameters and bring down operating costs over a period.
- iii) Being in the intermediate stage in the industry there is an opportunity for both backward integration and forward integration. The Company has set up a Coke Oven facility with Co-generation of Power at a greenfield site—as a first phase of forward integration. The Company is also implementing a project for setting up Sinter Plant as a backward integration and Ductile Iron Pipe plant as forward integration at its Pig Iron making plant, which have since been commissioned.
- iv) Company sources Coking Coal, a key input material, by importing from outside India and thus suffers from import constraints. However, the Company has identified reliable suppliers, which minimises the import constraints. The Company has set up a Metallurgical Coke making facility with latest technology at a greenfield project site to minimize the impact of import of Metallurgical Coke.
- v) Ban on Iron Ore mining in the vicinity of the plant is a threat in sourcing the key raw material viz., Iron ore. The Company is able to source the Iron Ore through e-auction process held from time to time by the Government nominated Committee. It is expected that this arrangement will continue until the ban on mining of Iron Ore is completely lifted. Major mines are allowed to operate now.

- vi) Future competition from the prospective domestic producers of Pig Iron. The Company is conscious of the threat and constantly upgrading its technology so as to derive competitive advantage.
- vii) As the customs duties on Pig Iron imports are lowered from time to time there is an import threat to that extent. However, given the importers' profile of Pig Iron who are mainly foundries and are in an unorganised sector, the import threat is minimal. Moreover, with the surge in global demand for Iron and Steel and increase in raw material prices, the availability of Iron and Steel at competitive price is remote. Negligible imports during the last couple of years are an ample indication of zero risk of the threat. Moreover the forward integration into Ductile Iron Pipe making would further minimise such threat.
- viii) The levy of export duty on Pig Iron is a deterrent for exporting the Pig Iron. Given the global scenario of high prices and growing demand, such levy will have less bearing in the short term but is a major deterrent in the long term. Exporting Pig Iron - a value added product over Iron Ore makes a sense and hence such levy on Pig Iron in all probability will not be re-imposed. Moreover the Company has now implemented the forward integration into Ductile Iron Pipes whereby the captive consumption of Pig Iron would increase and dependence on the markets would come down.
- ix) The Company's business is mainly commodity business. The financial health of the unit will be affected by adverse changes in the Industry. Company implemented facilities involving both forward integration and backward integration and thus the risk would be minimised.

### 3. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

The Company's business comprises manufacture and sale of Pig Iron as one segment and manufacture of Metallurgical Coke with Co-generation Power as the other segment. The operations of the Company during the year under review were satisfactory. Actual Pig Iron production during the year was 167095 MTs as against 125105 MTs in the previous year. The actual sales in volume terms were 170530 MTs

(including 30998 MTs used in trial production of Ductile Iron Pipes) as against 126618 MTs in the previous year. The Company's market share in Pig Iron constitutes about 1.51% of the domestic consumption. The Company produced 333822 MTs of Metallurgical Coke, as against 324532 MTs in the year before. Out of the total production, 139287 MTs was captively consumed as against 116216 MTs in the previous year. The Company sold 203390 MTs of Metallurgical Coke as against 236835 MTs in the last year in the nearby markets. The Co-generation power plant at Kudithini generated 283189335 KWH of Power as against 328393187 KWH in the year before, of which 245166000 KWH, previous year 286491000 KWH was sold and 39238335 KWH (previous year 42595187 KWH) were captively consumed (including Power Plant auxiliary load) that includes Power import of 1215000 KWH (previous year 693000 KWH). The gross sales revenues of products and services in value terms were ₹10558535415/- as compared to ₹10151387666/- in the last year.

### 4. OUTLOOK:

The short to medium term outlook for the global Iron and Steel industry appears to be bearish but the long term outlook appears to be stable with moderate growth. Structural problems in many advanced and emerging economies have held back the world economic recovery although there were slew of measures including easing of monetary policies and fiscal stimulus from time to time. Lack of cohesion and country centric policies pursued by the advanced economies, geopolitical tensions and divergent growth prospects in emerging economies have muted the world economic growth so also the growth in the Iron and Steel industry. This trend is expected to continue in the short to medium term as the recovery symptoms could not be seen immediately. In the long term the Iron and Steel industry is expected to be stable on the back of growth in the emerging economies due to increasing urbanisation and growing population which are expected to eventually lead the Iron and Steel demand growth although the Chinese demand stagnates. Indian Iron and Steel industry exhibited resilience from these adverse global trends on the back of moderate economic growth, increasing standard of living and policy initiatives by the government. However increasing cheaper imports of finished steel, adverse foreign exchange fluctuations, high interest costs and volatile price

trends are cause for concern as these are severely impacting the performance of the Indian Iron and Steel industry. With a view to face these challenges your Company is concentrating on strategies of value addition rather than volume push which are expected to give sustainable growth over a foreseeable future.

#### 5. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal control systems commensurate with the size and nature of its business. Internal control systems are supplemented by internal audits carried out regularly by outside independent qualified auditors. The audit committee interacts with the statutory and internal auditors. The Management also regularly reviews the operational efficiencies, utilisation of fiscal resources and compliance with laws so as to ensure optimum utilisation of resources, achieve better efficiencies and comply with the laws of land.

#### 6. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The Financial Statements for the year under review have been prepared on a going concern basis and in compliance with provisions of the Companies Act 2013 and by following the generally accepted accounting principles in India and the applicable mandatory Accounting Standards. The operational performance vis-à-vis financial performance is as under:

PARAMETER	FY 2014-15		FY 2013-14		Growth / reduction %	
	Quantity	Value Rs.cr	Quantity	Value Rs.cr	Quantity	Value
Pig Iron						
Production (mt)	1670.95		1251.05		33.56	
Sales (mt)*	1705.30	469.27	1266.18	358.63	34.68	30.85
Metallurgical Coke:						
Production (mt)	3338.22		3245.32		2.86	
Captive use (mt)	1392.87		1162.16		19.85	
Sales (mt)	2033.90	463.75	2368.35	514.27	-14.12	-9.82
Power						
Generation (mu)	283.19		328.39		-13.76	
Captive use (mu)	39.24		42.60		-7.88	
Sales (mu)	245.17	122.78	286.49	139.42	-14.42	-11.94
Others		0.05		2.82		-98.23
Gross Sales		1055.85		1015.14		4.01
Less: Excise Duty		76.24		77.07		-1.08
Net Sales		979.61		938.07		4.43

\*includes 30998 MTs valued ₹72.28 crores (FY 2014-15) Nil (FY 2013-14) used in DI Pipe Trial Production.

The operational performance during the year has improved due to improved volumes of Pig Iron and Metallurgical Coke. The Company reported profit before tax of ₹280754989/- as against loss before tax of ₹544056046/- mainly due to better capacity utilization and lesser volatility in foreign exchange fluctuations. The production volume of Pig Iron at 167095 MTs as compared with 125105 MTs in the year before was higher by 33.56%. Consequently the Pig Iron sales were also higher at 170530 MTs (including 30998 MTs used in trial production of Ductile Iron Pipes) as against 126618 MTs in the year before mainly due to volume push. Metallurgical Coke production was at 333822 MTs as against 324532 MTs in the previous year. Metallurgical Coke sales volume was at 203390 MTs in the current year as against 236835 MTs in the last year mainly due to increase in captive use which has gone up from 116216 MTs in the year before to 139287 MTs in the current year. The Co-generation Power plant at Kudithini generated 283189335 KWH as against 328393187 KWH in the year before and sold 245166000 KWH as against 286491000 KWH in the previous year, while consuming the balance units on auxiliary loads and captive use. In value terms the gross revenue improved to ₹10558535415/- as compared to ₹10151387666/- in the year before, which is higher by 4.01%. In consequence the net sales also improved by 4.43% up from previous year's level of ₹9380702667/- to ₹9796111776/-. The average sales realisation on Pig Iron during the year under review works out to ₹27518/MT as against ₹28324/MT during the last year. The average sales realisation on sale of surplus Metallurgical Coke was at ₹16783/MT as compared to ₹18521/MT in the previous year. The average sales realisation on power sold was at ₹5.01/KWH as against ₹4.87/KWH in the last year. The average cost of Iron Ore and Iron Ore fines consumed was at ₹4440/MT as compared with ₹4222/MT in the last year. The average cost of Coking Coal consumed was at ₹9502/MT as against ₹10860/MT in the year before. The increase/decrease in sales prices during the year were not commensurate with increase/decrease in the prices of raw material whereby the margins remained muted.

On the financial performance front the operating profit before finance costs and depreciation and amortisation was at ₹1019215721/- as against

operating profit of ₹369817416/- in the last year. Consequently the year ended with profit before tax of ₹280754989/- as compared with a loss before tax of ₹544056046/- and Net profit after tax of ₹258313482/- as against net loss after tax of ₹580266891/- in the year before. The performance during the year improved due to better capacity utilisation; lesser volatility in foreign exchange fluctuations which is despite interest and raw material costs remained high during the year and subdued and falling commodity markets in particular Iron and Steel markets. The current tax charge is on account of application of deferred tax provisions which resulted in increase in Deferred Tax liability.

**7. MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED:**

The Company has a strong and dedicated workforce. The relations between the management and the workforce continue to be cordial during the year. The employees are imparted training on site and are encouraged to participate in the decision making process. The management acknowledges the contributions made by each employee at all levels and records its appreciation for the co-operation extended, but for which the present growth would not have been possible. The employee strength of the Company is 1645 persons excluding working Directors as on 31<sup>st</sup> March 2015.

**8. CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, 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 economic conditions affecting demand/ supply and price conditions in the domestic and international markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE**

To  
The Members of  
**SATHAVAHANA ISPAT LIMITED**

We have examined the compliance of conditions of Corporate Governance by **SATHAVAHANA ISPAT LIMITED**, for the year ended on 31<sup>st</sup> March, 2015, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 P.V.R.K. NAGESWARA RAO & CO.,  
Chartered Accountants  
Firm's Registration Number: 0022835**

**N. Anka RAO  
Partner  
Membership Number: 23939**

**HYDERABAD  
14.08.2015**

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**INDEPENDENT AUDITOR'S REPORT**

To  
The Members of  
SATHAVAHANA ISPAT LIMITED  
**Report on the Financial Statements**

We have audited the accompanying financial statements of **SATHAVAHANA ISPAT LIMITED** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these 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 misstatement.

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 judgment, 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 control 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. 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, 2015, 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, 2015 ("the Order"), issued by the Central Government of India in terms of Sub-section (11) of Section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 31<sup>st</sup> March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.29 (II) (4) to the financial statements;
    - ii. The Company did not have any long-term contracts with material foreseeable losses and did not have any long-term derivative contracts as at 31<sup>st</sup> March, 2015;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended 31<sup>st</sup> March, 2015.

**For P.V.R.K. NAGESWARA RAO & CO.,  
Chartered Accountants  
Firm's Registration Number: 0022835**

**HYDERABAD  
30.05.2015**

**N. ANKA RAO  
Partner  
Membership Number: 23939**

**Annexure to Independent Auditor's Report  
Referred to in Paragraph 1 under the heading of 'Report on Other Legal and Regulatory  
Requirements' of our report of even date**

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.  
(b) The fixed assets have been physically verified by the management according to the phased programme designed to cover all the fixed assets on rotation basis. In respect of fixed assets verified according to this programme, which is considered reasonable, no material discrepancies were noticed on such verification.
2. (a) The stock of stores, spare parts, raw materials and finished goods of the Company have been physically verified at the yearend by the Management except stocks lying with outside warehouses and consignees which have been verified with reference to certificates and other relevant documents where available.  
(b) The procedures of physical verification of Inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
(c) The Company has maintained proper records of inventories and the discrepancies noticed on physical verification of stocks as compared to book records, which in our opinion were not material, have been properly dealt with in the books of account.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems with regard to purchase of inventory, fixed assets and for the sale of goods.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
6. 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 prescribed under Sub-section (1) of Section 148 of the Act and are of the opinion that prima facie, the prescribed accounts and records have been maintained and are being made up. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
7. (a) According to the records of the Company and as per the information and explanations given to us, the Company is generally regular in depositing 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, cess and any other statutory dues applicable to it with appropriate authorities though there have been delays in few cases and in respect of these statutory dues, there are no outstanding dues as on 31.03.2015 which are outstanding for a period of more than six months from the date they became payable.  
(b) According to the records of the Company and as per the information and explanations given to us, there are no dues of wealth tax, service tax, value added tax and cess which have not been deposited on account of any dispute as on 31.03.2015 except income tax, sales tax, duty of customs and duty of excise the details of which are as given below:



S.No.	Name of the Statute	Nature of the dues	Period to which it relates	Amount Rs.	Forum where dispute is pending
1.	Central Excise Act, 1944	Excise duty and penalty	February, 2007 to October, 2009	19,07,216	The Customs, Excise and Service Tax Appellate Tribunal, Bangalore
2.	Central Sales Tax Act, 1956	Sales tax	2005-06	23,29,595	Sales Tax Appellate Tribunal, Hyderabad.
3.	Customs Act, 1962	Custom duty and penalty	2012-13	10,47,95,907	The Customs, Excise and Service Tax Appellate Tribunal, Bangalore
4.	Income Tax Act, 1961	Interest on Dividend Distribution Tax	2009-10	13,79,100	Rectification of mistake filed with Deputy Commissioner of Income Tax, Circle 3(1), Hyderabad.

(c) The amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.

8. The accumulated losses of the Company did not exceed fifty percent of its net worth as at 31st March, 2015 and it has not incurred cash losses in the financial year ended on that date and in the immediately preceding financial year.
9. Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed in repayment of dues to banks during the year to the extent of Rs. 49.68 Crores (the delay in such repayments being for not more than one month) and no such dues were in arrears as on the Balance Sheet date. There was no amount raised by the Company through the issue of Debentures.
10. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
11. In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
12. 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 instances of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

**For P V R K NAGESWARA RAO & CO.,  
Chartered Accountants  
Firm's Registration Number: 0022835**

**N. ANKA RAO  
Partner  
Membership Number: 23939**

**HYDERABAD  
30.05.2015**

**BALANCE SHEET AS AT 31ST MARCH 2015**

Particulars	Note No.	(Amount in ₹)	
		As at 31st March 2015	As at 31st March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's funds:</b>			
(a) Share capital	1	509000000	509000000
(b) Reserves and surplus	2	1519584899	1277470557
Sub total		<u>2028584899</u>	<u>1786470557</u>
<b>(2) Non-current liabilities:</b>			
(a) Long-term borrowings	3	3610332824	3277940328
(b) Deferred tax liabilities (net)	4	254570388	239372780
(c) Other Long-term liabilities	5	0	70441766
(d) Long-term provisions	6	17942979	13250522
Sub total		<u>3882846191</u>	<u>3601005396</u>
<b>(3) Current liabilities:</b>			
(a) Short-term borrowings	7	2634662515	4276190284
(b) Trade payables	8	3001093478	2577285213
(c) Other current liabilities	9	2303971601	2049853726
(d) Short-term provisions	10	25759509	22057713
Sub total		<u>7965487103</u>	<u>8925386936</u>
<b>TOTAL</b>		<u><b>13876918193</b></u>	<u><b>14312862889</b></u>
<b>II. ASSETS</b>			
<b>(1) Non-current assets:</b>			
<b>(a) Fixed Assets:</b>			
(i) Tangible assets	11	3278635351	3518043721
(ii) Intangible assets	11	221934	514374
Sub total		<u>3278857285</u>	<u>3518558095</u>
(iii) Capital work-in-progress	11	4463280860	3389312527
(iv) Expenditure during construction period pending capitalisation	12	855014398	490949667
Sub total		<u>8597152543</u>	<u>7398820289</u>
(b) Non-current investments	13	6263338	2214624
(c) Long-term loans and advances	14	111929884	393746657
(d) Other non-current assets	15	31025173	97821114
Sub total		<u>8746370938</u>	<u>7892602684</u>
<b>(2) Current Assets:</b>			
(a) Inventories	16	2183864101	1900616713
(b) Trade receivables	17	1612018597	1669216191
(c) Cash and bank balances	18	794824951	2282432966
(d) Short-term loans and advances	19	506462703	509319489
(e) Other current assets	20	33376903	58674846
Sub total		<u>5130547255</u>	<u>6420260205</u>
<b>TOTAL</b>		<u><b>13876918193</b></u>	<u><b>14312862889</b></u>
Summary of Significant Accounting Policies and Other Explanatory Information	29		

Per our report of even date

For and on behalf of the Board of Directors

For P.V.R.K. Nageswara Rao & Co.,  
Chartered Accountants  
Firm's Registration Number: 0022835

K.Thanu Pillai  
Chairman

A.S. Rao  
Executive Vice Chairman

N. Anka Rao  
Partner  
Membership Number: 23939

K.V.Krishna Rao  
Chief Financial Officer &  
Company Secretary

A.Naresh Kumar  
Managing Director

Hyderabad  
Date:30.05.2015

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015**

Particulars	Note No.	(Amount in ₹)	
		For the Year ended 31st March 2015	For the Year ended 31st March 2014
<b>REVENUE:</b>			
I. Revenue from operations			
(a) Sale of products		<b>9334670407</b>	9394162294
(b) Sale of traded goods		<b>1223851554</b>	756403547
(c) Sale of services	21	<b>0</b>	815181
(d) Other operating income	22	<b>13454</b>	6644
		<b>10558535415</b>	10151387666
(e) Less: Excise Duty		<b>762423639</b>	770684999
		<b>9796111776</b>	9380702667
II. Other Income	23	<b>70053077</b>	88476066
III. Total Revenue (I+II)		<b>9866164853</b>	9469178733
<b>IV. EXPENSES:</b>			
(a) Cost of raw materials consumed	24	<b>6318945786</b>	6740981771
(b) Purchases of stock-in-trade		<b>1184687221</b>	729026729
(c) Changes in inventories of finished goods and work-in-progress	25	<b>340828946</b>	535307465
(d) Employee benefits expense	26	<b>220192290</b>	181489716
(e) Finance costs	27	<b>493381950</b>	682122764
(f) Depreciation and amortisation expense	11	<b>245078782</b>	231750698
(g) Other expenses	28	<b>782294889</b>	912555636
Total expenses		<b>9585409864</b>	10013234779
V. Profit / (Loss) before tax (III-IV)		<b>280754989</b>	(544056046)
<b>VI. Tax Expense:</b>			
(a) Deferred tax		<b>22441507</b>	33270375
(b) Income Tax adjustment		<b>0</b>	2940470
Total Tax expense		<b>22441507</b>	36210845
VII. Profit / (Loss) after tax (V-VI)		<b>258313482</b>	(580266891)
<b>VIII. Earnings / (Loss) per equity share:</b>			
(Face value ₹ 10/- per share)			
(a) Basic		<b>5.07</b>	(14.50)
(b) Diluted		<b>5.07</b>	(14.50)

Summary of Significant Accounting Policies and Other Explanatory Information 29

Per our report of even date  
For P.V.R.K. Nageswara Rao & Co.,  
Chartered Accountants  
Firm's Registration Number: 0022835

For and on behalf of the Board of Directors  
K.Thanu Pillai  
Chairman  
A.S. Rao  
Executive Vice Chairman

N. Anka Rao  
Partner  
Membership Number: 23939

K.V.Krishna Rao  
Chief Financial Officer &  
Company Secretary

A.Naresh Kumar  
Managing Director

Hyderabad  
Date:30.05.2015

**CASH FLOW STATEMENT**

Particulars	(Amount in ₹)	
	Year ended 31st March 2015	Year ended 31st March 2014
<b>A. CASH FLOW / (USED) FROM OPERATING ACTIVITIES:</b>		
Net profit / (loss) before tax and extraordinary items	<b>280754989</b>	(544056046)
Adjustments for:		
Depreciation and amortisation expense	<b>245078782</b>	231750698
Interest expense	<b>376653116</b>	381346313
Interest income	<b>(46417058)</b>	(69530673)
Dividend earned	<b>(5198)</b>	(73292)
Unrealised foreign exchange loss	<b>166183778</b>	318083678
Provision for diminution in the value of long term investments written back	<b>(60032)</b>	156799
Profit on sale of investments	<b>(88782)</b>	(17570)
Profit on sale of fixed asset (net)	<b>(28226)</b>	0
Provision for doubtful debts no longer required written back	<b>(3695562)</b>	(357627)
Provision for doubtful advances no longer required written back	<b>(5750000)</b>	(18851)
Provision for doubtful debts	<b>0</b>	4129261
Provision for doubtful advances	<b>(25000000)</b>	0
Bad debts written off	<b>5244368</b>	480074
Operating profit before working capital changes	<b>992870175</b>	321892764
Add / (less) Adjustments for working capital changes:		
( Increase) / decrease in trade receivables	<b>121793000</b>	(353983343)
(Increase) / Decrease in inventories	<b>(283247388)</b>	646564277
(Increase) / Decrease in Long term loans and advances	<b>82634872</b>	(32782748)
(Increase) / decrease in other non current assets	<b>651729</b>	(2616543)
(Increase) / Decrease in short term loans and advances	<b>2856786</b>	(316497406)
Decrease in other current assets	<b>0</b>	2801955
Increase in trade payables	<b>258377876</b>	272080240
Increase / (Decrease) in other current liabilities	<b>141815630</b>	(95779460)
Increase in short term provisions	<b>3701796</b>	11907237
(Decrease) in other long term liabilities	<b>(19178999)</b>	(8094823)
Increase / (Decrease) in long term provisions	<b>4692457</b>	(4679280)
Cash generated from operations	<b>1306967934</b>	440812870
Taxes Paid (net)	<b>23007490</b>	(14378162)
Net cash flow / (used) from operating activities	<b>1329975424</b>	426434708
<b>B. CASH FLOW / (USED) FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets including capital work in progress	<b>(1345632301)</b>	(2099841597)
Proceeds from sale of fixed assets	<b>5434547</b>	0
Purchase of current investments	<b>(4088682)</b>	(1800000)
Proceeds from sale of current investments	<b>188782</b>	1217570
Investment in bank deposits (original maturities of more than three months) (net)	<b>530021697</b>	(627092274)
Interest received	<b>66133613</b>	54128085
Dividend earned	<b>5198</b>	73292
Net cash flow / (used) in investing activities	<b>(747937146)</b>	(2673314924)

(Contd...)

**CASH FLOW STATEMENT (Contd...)**

Particulars	(Amount in ₹)	
	Year ended 31st March 2015	Year ended 31st March 2014
<b>C. CASH FLOW / (USED) FROM FINANCING ACTIVITIES:</b>		
Proceeds from long-term borrowings	1732216333	2419091201
Repayment of long-term borrowings	(1217501737)	(433860976)
Proceeds from issue of share capital including share warrants and premium thereon	0	450000000
Proceeds from / (Repayment of) short-term borrowings (net)	(1674794121)	734599930
Interest paid	(378408721)	(381936909)
Net cash flow / (used) from financing activities	(1538488246)	2787893246
Net increase / (decrease) in cash and cash equivalents	(956449968)	541013030
Cash and cash equivalents at the beginning of the year	987204237	446191207
Cash and cash equivalents at the end of the year	<u>30754269</u>	<u>987204237</u>

**Notes:**

- 1 The Cash Flow Statement has been prepared under 'Indirect Method' in accordance with the requirement of Accounting Standard-3 "Cash Flow Statement".
- 2 Summary of Significant Accounting Policies and Other Explanatory Information (Note 29) forms an integral part of Cash Flow Statement.
- 3 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

This is the Cash Flow Statement referred to in our report of even date

For P.V.R.K. Nageswara Rao & Co.,  
Chartered Accountants  
Firm's Registration Number: 0022835

N. Anka Rao  
Partner  
Membership Number: 23939

Hyderabad  
Date:30.05.2015

For and on behalf of the Board of Directors

K.Thanu Pillai  
Chairman

A.S. Rao  
Executive Vice Chairman

K.V.Krishna Rao  
Chief Financial Officer &  
Company Secretary

A.Naresh Kumar  
Managing Director

**NOTES TO BALANCE SHEET**

		As at 31st March 2015	As at 31st March 2014
<b>1. SHARE CAPITAL:</b>			
(a) <b>Authorised:</b>			
60000000 (previous year 60000000) Equity Shares of ₹10/- each	₹	<u>600000000</u>	<u>600000000</u>
(b) <b>Issued:</b>			
50900000 (previous year 50900000) Equity Shares of ₹10/- each	₹	<u>509000000</u>	<u>509000000</u>
(c) <b>Subscribed and paid up:</b>			
50900000 (previous year 50900000) Equity Shares of ₹10/- each fully paid up	₹	<u>509000000</u>	<u>509000000</u>
(d) <b>Reconciliation of the number of Equity Shares outstanding is set out below:</b>			
Equity Shares outstanding at the beginning of the year	Nos.	50900000	38400000
Add : Equity Shares issued during the year	Nos.	0	12500000
Equity Shares outstanding at the end of the year	Nos.	50900000	50900000
(e) <b>The details of Shareholders holding more than 5% Equity Shares:</b>			
(i) Promoters' Group			
Smt. A.Mutya Bai	Nos	4921585	4921585
	%	9.67	9.67
Shri A. Ashok Kumar	Nos	3319110	3319110
	%	6.52	6.52
Ganapati Adusumilli Fininvest Private Limited	Nos	4200000	4200000
	%	8.25	8.25
(ii) Other than Promoters' group:			
Stemcor AG.	Nos	5700000	5700000
	%	11.20	11.20
Plutus Terra India Fund	Nos	4990000	4990000
	%	9.80	9.80
Antara India Evergreen Fund Limited	Nos	4990000	4990000
	%	9.80	9.80
(f) <b>Terms / rights attached to Equity Shares</b>			
The Company has only one class of Equity Shares having par value of ₹10/- per share. Each holder of Equity Shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.			
(g) In the event of liquidation of the company, the holders of the equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity Shares held by the shareholders.			
<b>2. RESERVES AND SURPLUS:</b>			
(a) <b>Capital Reserve:</b>			
Forfeited amount on reissued shares	₹	63000	63000
State Investment Subsidy	₹	<u>2000000</u>	<u>2000000</u>
	₹	<u>2063000</u>	<u>2063000</u>
(b) <b>Securities Premium Account</b>			
Amount at the beginning of the year	₹	930000000	605000000
Add: Amount received during the year on issue of Equity Shares	₹	0	<u>325000000</u>
Amount at the end of the year	₹	<u>930000000</u>	<u>930000000</u>
(c) <b>General Reserve</b>	₹	<u>1000000000</u>	<u>1000000000</u>

**NOTES TO BALANCE SHEET**

		As at 31st March 2015	As at 31st March 2014
(d) <b>Balance in Statement of Profit and Loss (surplus / (deficit):</b>			
Profit / (loss) brought forward from last year	₹	(654592443)	(74325552)
Add / Less: Profit / (loss) as per Statement of Profit and Loss	₹	258313482	(580266891)
Less: Depreciation on fixed assets due to revision in estimated useful lives (net of Deferred Tax of ₹ 7243899/-) (Refer Note No.29 (II) (3))	₹	(16199140)	0
Loss carried forward to next year	₹	<u>1519584899</u>	<u>1277470557</u>
<b>NON-CURRENT LIABILITIES:</b>			
<b>3 LONG-TERM BORROWINGS:</b>			
Term Loans:			
i. From Banks (Secured)	₹	4735353366	4231285332
Less: Current maturities of long term debt	₹	(1142544888)	(967292610)
	₹	<u>3592808478</u>	<u>3263992722</u>
ii. From Other parties (Secured)	₹	27381609	7935047
Less: Current maturities of long term debt	₹	(9857263)	(2787441)
	₹	<u>17524346</u>	<u>5147606</u>
Others:			
i. Loans and advances from a related party (unsecured) (Refer Note No.29(II) (14))	₹	0	8800000
	₹	<u>3610332824</u>	<u>3277940328</u>
i. Term Loan borrowings from banks are secured by first mortgage and charge on entire fixed assets, both present and future, and second charge on current assets and guaranteed by two Directors of the Company. The principal amount on these term loans are generally repayable in 32 equated quarterly installments after moratorium period of one year with interest payable on monthly rests. The interest rates vary from 13.5% to 15.5% p.a. The period of maturity with reference to four term loan borrowings from Balance Sheet date are: (a) Loan 2 comprises eight quarterly installments of ₹32625000/- each; five quarterly installments of ₹7875000/- each and one installment of ₹7992815/- and (c) Loan 3 comprises twelve quarterly installments of ₹12550000/- each and one installment of ₹10324827/- (d) Loan 4 comprises four quarterly installments of ₹87500000/- each and one installment of ₹26344888/- (e) Loan 5 comprises twenty five quarterly installments of ₹85625000/- and one installment of ₹88619882/- (f) Loan 6 comprises twenty seven installments of ₹60000000/- each and one installment of ₹40470955/-.			
ii. Borrowings from other parties are on hypothecation of assets and guaranteed by the Managing Director of the Company. These loans are mostly repayable in 36 equated monthly installments including interest. The interest rates vary from 10.5% to 12.5% p.a. The future maturities from the Balance Sheet date comprises (a) loan 1 comprises sixteen installments of ₹64335/- each (b) loan 2 comprises fifteen installments of ₹36534/- each and (c) loan 3 comprises twenty two installments of ₹44595/- each and loan 4 comprises twenty one installments of ₹146969/- each. All installments includes interest.			
iii. The above borrowings and interest due thereon have been paid upto date and there are no continuing defaults.			
<b>4 DEFERRED TAX LIABILITIES (NET):</b>			
Refer Note No. 29 (II)(17)			
Deferred Tax Liabilities:			
Opening balance at the beginning of the year	₹	362953316	326161297
Adjustment for the year	₹	13592051	36792019
Closing balance at the end of the year (A)	₹	<u>376545367</u>	<u>362953316</u>
Deferred Tax Asset:			
Opening balance at the beginning of the year	₹	123580536	120058892
Adjustment for the year *	₹	(1605557)	3521644
Closing balance at the end of the year (B)	₹	<u>121974979</u>	<u>123580536</u>
Deferred Tax Liabilities (net) (A-B)	₹	<u>254570388</u>	<u>239372780</u>

\* Includes Deferred Tax Asset arising on account of depreciation on tangible fixed assets whose useful life is already exhausted as on 1st April 2014 amounting to ₹7243899/- adjusted against Reserves and Surplus.

**NOTES TO BALANCE SHEET**

		As at 31st March 2015	As at 31st March 2014
<b>5 OTHER LONG-TERM LIABILITIES:</b>			
Unsecured:			
i. Trade Payables:			
(a) Dues of micro and small enterprises	₹	0	0
(b) Dues of enterprises other than micro and small enterprises Refer Note No.8	₹	0	32512963
ii. Others:			
(a) Advance from customers	₹	0	11880415
(b) Creditors for capital works	₹	0	18749804
(c) Other payables	₹	0	7298584
	₹	<u>0</u>	<u>70441766</u>
<b>6 LONG-TERM PROVISIONS:</b>			
Provision for employee benefits Refer Note No.29 (II) (12)	₹	<b>17942979</b>	13250522
	₹	<u><b>17942979</b></u>	<u>13250522</u>
<b>CURRENT LIABILITIES:</b>			
<b>7 SHORT-TERM BORROWINGS:</b>			
(i) Working capital loans from banks: (Repayable on demand, Secured)	₹	<b>902493844</b>	918954273
(ii) Buyer's credit	₹	<b>1732168671</b>	3357236011
	₹	<u><b>2634662515</b></u>	<u>4276190284</u>
i. Working capital loans from banks and buyer's credit are secured by first charge on the entire current assets and further secured by second charge on entire fixed assets of the Company and guaranteed by two Promoter Directors of the Company. The rate of interest on working capital loans varies from 14.50% to 15.25% p.a. The rate of interest in respect of buyer's credit varies from 6m LIBOR + 70 bps to 6m LIBOR + 120 bps p.a.			
ii. The above borrowings and interest due there on have been paid upto date and there are no defaults.			
<b>8 TRADE PAYABLES:</b>			
Unsecured			
i. Dues of micro and small enterprises	₹	0	0
ii. Dues of enterprises other than micro and small enterprises	₹	<b>3001093478</b>	2577285213
	₹	<u><b>3001093478</b></u>	<u>2577285213</u>
Information as required to be disclosed under section 22 of Micro, Small and Medium Enterprises Development Act 2006 (MSMEDA 2006) as given below with reference to dues to micro, small and medium enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.			
a) Principal amount remaining unpaid as on March 31	₹	Nil	Nil
b) Interest due thereon as on March 31	₹	Nil	Nil
c) Interest paid by the Company in terms of Section 16 of MSMEDA 2006 along with the amount of payment made on to the supplier beyond the appointed day during the year	₹	Nil	Nil
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMEDA 2006.	₹	Nil	Nil
e) Interest accrued and remaining unpaid as at March 31	₹	Nil	Nil



**NOTES TO BALANCE SHEET**

		As at 31st March 2015	As at 31st March 2014
f)	Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as deductible expenditure under section 23 of MSMEDA 2006.	₹ Nil	Nil
<b>9</b>	<b>OTHER CURRENT LIABILITIES</b>		
i.	Current maturities of long-term debt	₹ 1152402151	970080051
ii.	Interest accrued but not due on borrowings	₹ 179985	1935590
iii.	Unclaimed dividends (Of the above there is no amount due and outstanding to be credited to Investor Education and Protection Fund)	₹ 7595375	8731725
iv.	Advance from customers	₹ 66287780	4777279
v.	Other payables		
	(a) Creditors for capital works	₹ 757614056	824741956
	(b) Employee benefits payable	₹ 33751508	26003883
	(c) Statutory Liabilities	₹ 31017661	25263315
	(d) Others	₹ 255123085	188319927
		<u>₹ 2303971601</u>	<u>2049853726</u>
<b>10</b>	<b>SHORT-TERM PROVISIONS:</b>		
	Provision for employee benefits Refer Note No.29 (II) (12)	₹ 25759509	22057713
		<u>₹ 25759509</u>	<u>22057713</u>
<b>11</b>	<b>(I) FIXED ASSETS:</b>		

SL. NO.	Description	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTISATION					NET CARRYING AMOUNT	
		Cost as at 01.04.2014	Additions during the year	Deductions during the year	Total Upto 31.03.2015	Upto 31.03.2014	Adjustment against reserves and surplus as at 01.04.2014 (Refer Note No. 29(III) (3))	For the year	On deductions	Total upto 31.03.2015	As at 31.03.2015	As at 31.03.2014
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
<b>A.</b>	<b>Tangible Assets:</b>											
1	Freehold land and site Development	10246139	0	0	10246139	0		0	0	0	10246139	10246139
2	Lease hold land	33142622	0	0	33142622	0		0	0	0	33142622	33142622
3	Buildings	209248389	0	0	209248389	50824710	16121889	12392224	0	79338823	129909566	158423679
4	Plant and equipment	4633990915	6350290	0	4640341205	1352256107	5200286	221977106	0	1579433499	3060907706	3281734808
5	Furniture and fixtures	4775294	1089326	0	5864620	3081810	22860	450434	0	3555104	2309516	1693484
6	Vehicles	58766381	25375936	10317688	73824629	34600822	22081	7312025	4911367	37023561	36801068	24165559
7	Office equipment	11107064	741884	0	11848948	4973870	1890343	1710112	0	8574325	3274623	6133194
8	Data Processing equipment	7193034	669895	0	7862929	4688798	185579	944441	0	5818818	2044111	2504236
	<b>Sub Total:</b>	4968469838	34227331	10317688	4992379481	1450426117	23443038	244786342	4911367	1713744130	3278635351	3518043721
<b>B.</b>	<b>Intangible Assets :</b>											
9	Software	877320	0	0	877320	362946	0	292440	0	655386	221934	514374
	<b>Sub Total:</b>	877320	0	0	877320	362946	0	292440	0	655386	221934	514374
	<b>Total:</b>	4969347158	34227331	10317688	4993256801	1450789063	23443038	245078782	4911367	1714399516	3278857285	3518558095
	Previous Year Total:	4960108747	9238411	0	4969347158	1219038365	0	231750698	0	1450789063	3518558095	
(II)	<b>Capital Work-in-progress</b>	3389312527	1073968333	0	4463280860	0	0	0	0	0	4463280860	3389312527
	<b>Total:</b>	3389312527	1073968333	0	4463280860	0	0	0	0	0	4463280860	3389312527



**NOTES TO BALANCE SHEET**

		As at 31st March 2015	As at 31st March 2014
5019019 (previous year 84408) Units of ₹ 10/- each in Canara Robeco Mutual Fund (Fair value ₹ 5640385/-, previous year ₹ 1224667/-)	₹	<b>5288682</b>	1200000
	₹	<b>6263338</b>	2214624
(i) Aggregate amount of quoted investments	₹	<b>1034000</b>	1034000
(ii) Aggregate market value of quoted investments	₹	<b>1548756</b>	1409594
(iii) Aggregate amount of unquoted investments	₹	<b>5338682</b>	1350000
(iv) Aggregate provision made for diminution in value of investments	₹	<b>109344</b>	169376
<b>14 LONG-TERM LOANS AND ADVANCES:</b>			
<b>Unsecured, considered good</b>			
(a) <b>Capital advances</b>	₹	<b>53030224</b>	259954635
(b) <b>Security Deposits</b> (includes an amount of ₹ 1215000 /-, previous year ₹1215000/- due from a Director towards rental deposit of office premises)	₹	<b>23480773</b>	14853362
(c) Advance to suppliers	₹	<b>0</b>	42832127
(d) Prepaid taxes (net of provision for taxation) (₹30905/- previous year ₹27231/-)	₹	<b>29545030</b>	52552520
(e) MAT credit entitlement	₹	<b>5873857</b>	5873857
(f) Other loans and advances			
i. Prepaid expenses	₹	<b>0</b>	1969899
ii. Other advances	₹	<b>0</b>	15710257
	₹	<b>111929884</b>	393746657
<b>15 OTHER NON-CURRENT ASSETS:</b>			
(a) Long term trade receivables			
i. Unsecured-considered good	₹	<b>0</b>	66144212
ii. Un-secured-considered doubtful	₹	<b>17170041</b>	20865603
Less: Provision for doubtful debts	₹	<b>(17170041)</b>	(20865603)
	₹	<b>0</b>	0
(b) Share deposits to related parties			
i. Unsecured, considered good:	₹	<b>0</b>	2400000
ii. Unsecured, considered doubtful	₹	<b>0</b>	5750000
Less: Provision for doubtful advances	₹	<b>0</b>	(5750000)
	₹	<b>0</b>	0
(c) Other receivables	₹	<b>31025173</b>	29276902
	₹	<b>31025173</b>	97821114
<b>CURRENT ASSETS:</b>			
<b>16 INVENTORIES:</b>			
(Valued at cost and net realisable value whichever is lower except for by-product and scrap. By-product and scrap are valued at net realisable value).			
(i) Raw materials* (Stock in transit ₹629167756/- Previous year ₹143090149/-)	₹	<b>877166084</b>	961243886
(ii) Work-in-progress**	₹	<b>168950402</b>	59070624
(iii) Finished goods ***	₹	<b>1058849326</b>	840699804
(iv) Stores and spares (Stock in transit ₹3360184/- Previous year ₹1911180/-)	₹	<b>78898289</b>	39602399
	₹	<b>2183864101</b>	1900616713
* Includes ₹47740702/-, (previous year ₹5092317/-) from trial run production			
** Includes ₹102451986/- (previous year Nil) from trial production			
*** Includes ₹595855689/- (previous year Nil) from trial production			

**NOTES TO BALANCE SHEET**

	As at 31st March 2015	As at 31st March 2014
<b>17 TRADE RECEIVABLES:</b>		
(Unsecured, considered good)		
(i) Outstanding for a period exceeding six months from the date they became due for payment	₹ 179735583	22833491
(ii) Others	₹ 1432283014	1816577842
	<b>1612018597</b>	1839411333
Less: Bills discounted with a bank	₹ 0	170195142
	<b>₹ 1612018597</b>	1669216191
<b>18 CASH AND BANK BALANCES:</b>		
Cash and Cash Equivalents:		
(i) Cash on hand	₹ 2302836	3758053
(ii) Balances with banks:		
(a) In current accounts	₹ 28451433	913446184
(b) In fixed deposits with original maturity of less than three months	₹ 0	70000000
	<b>₹ 30754269</b>	987204237
Other than cash and cash equivalents:		
(i) Other bank balances:		
(a) In unclaimed dividend accounts	₹ 7595375	8731725
(b) Balances with banks to the extent held as margin money or security (Pledged to banks towards margin on letters of credit etc.,)	₹ 756475307	1286497004
	₹ 764070682	1295228729
	<b>₹ 794824951</b>	2282432966
<b>19 SHORT-TERM LOANS AND ADVANCES:</b>		
(Unsecured, considered good)		
(a) Deposits	₹ 21943985	12349700
(b) Central Excise duty deposits	₹ 147442646	317608168
(c) Other advances and receivables	₹ 146028165	149553501
(d) Prepaid expenses	₹ 24233243	20578860
(e) Advances to suppliers	₹ 163915799	6764055
(f) Advances to staff	₹ 2898865	2465205
(g) Other advances considered doubtful	₹ 25000000	0
Less: provision for doubtful advances	₹ 25000000	0
	₹ 0	0
	<b>₹ 506462703</b>	509319489
<b>20 OTHER CURRENT ASSETS:</b>		
(a) Interest accrued on deposits and investments	₹ 18658671	38375226
(b) Scrap value of discarded assets (at lower of cost and net realisable value)	₹ 14718232	20299620
	<b>₹ 33376903</b>	58674846

**NOTES TO STATEMENT OF PROFIT AND LOSS**

		For the year ended 31st March 2015	For the year ended 31st March 2014
<b>21 SALE OF SERVICES:</b>			
Job work services	₹	0	815181
<b>22 OTHER OPERATING INCOME:</b>			
Sale of scrap arising out of manufacturing process	₹	13454	6644
<b>23 OTHER INCOME:</b>			
(a) Interest income	₹	46417058	69530673
(b) Dividend income from long-term non-trade investments	₹	5198	73292
(c) Profit on sale of long term investments	₹	88782	17570
(d) Sale of other scrap	₹	3753181	12581079
(e) Provision for liabilities no longer required written back	₹	0	125761
(f) Provision for doubtful debts no longer required written back	₹	3695562	357627
(g) Provision for doubtful advances no longer required written back	₹	5750000	18851
(h) Provision for diminution in value of investments no longer required written back	₹	60032	0
(i) Profit on sale of assets	₹	28226	0
(j) Other non-operating income (net of expenses directly attributable to such income)	₹	10255038	5771213
	₹	<u>70053077</u>	<u>88476066</u>
<b>24 COST OF RAW MATERIALS CONSUMED:</b>			
i. Opening inventory	₹	956151569	1051496225
ii. Add: Purchases during the year	₹	6192219599	6645637115
	₹	7148371168	7697133340
iii. Less Closing Inventory	₹	829425382	956151569
<b>Raw material consumed</b>	₹	<u>6318945786</u>	<u>6740981771</u>
Particulars of Raw material consumed:			
(a) Coking Coal	₹	4153453552	4774985868
(b) Iron Ore and Iron Ore fines	₹	1053663430	963046304
(c) Steam Coal	₹	689970110	807077515
(d) Others	₹	421858694	195872084
	₹	<u>6318945786</u>	<u>6740981771</u>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS:</b>			
(a) Opening inventory:			
(i) Finished goods including by-product	₹	840699804	1411731560
(ii) Work-in-progress	₹	59070624	52960764
	₹	<u>899770428</u>	<u>1464692324</u>
(b) Closing inventory:			
(i) Finished goods including by-product	₹	462993637	840699804
(ii) Work-in-progress	₹	66498416	59070624
	₹	<u>529492053</u>	<u>899770428</u>
Adjustment for Excise duty on finished goods	₹	29449429	29614431
	₹	<u>340828946</u>	<u>535307465</u>
<b>26 EMPLOYEE BENEFITS EXPENSE:</b>			
(a) Salaries, wages, bonus and other benefits	₹	197555941	162476615
(b) Contribution to provident and other funds	₹	15152679	12967049
(c) Contribution to employee state insurance	₹	256326	257147
(d) Staff welfare expenses	₹	7227344	5788905
	₹	<u>220192290</u>	<u>181489716</u>

**NOTES TO STATEMENT OF PROFIT AND LOSS**

		For the year ended 31st March 2015	For the year ended 31st March 2014
<b>27 FINANCE COSTS:</b>			
(a) Interest expense	₹	<b>376653116</b>	381346313
(b) Other borrowing costs	₹	<b>77684642</b>	122712360
(c) Net loss on foreign currency transactions and translation	₹	<b>39044192</b>	178064091
	₹	<b>493381950</b>	682122764
<b>28 OTHER EXPENSES:</b>			
i Consumption of stores and spare parts	₹	<b>89166212</b>	53923120
ii Power and fuel	₹	<b>65813657</b>	71912660
iii Rent	₹	<b>4909853</b>	4655088
iv Repairs to buildings	₹	<b>494181</b>	1219491
v Repairs to machinery	₹	<b>118095053</b>	109400878
vi Repairs to others	₹	<b>787537</b>	857664
vii Insurance	₹	<b>18300311</b>	17694771
viii Rates and taxes, excluding taxes on income	₹	<b>5337255</b>	7713027
ix Payments to auditors:			
(a) As auditors	₹	<b>1200000</b>	1200000
(b) As tax auditors	₹	<b>600000</b>	600000
(c) For taxation matters	₹	<b>200000</b>	400000
(d) For quarterly reviews	₹	<b>945000</b>	750000
(e) For certification	₹	<b>591180</b>	679522
(f) For reimbursement of expenses	₹	<b>250698</b>	217446
(g) Total fees	₹	<b>3786878</b>	3846968
x Printing and stationery	₹	<b>1192834</b>	1962852
xi communication expenses	₹	<b>3475132</b>	1870934
xii Advertisement	₹	<b>233664</b>	259085
xiii Traveling and conveyance	₹	<b>5509560</b>	5169693
xiv Vehicle maintenance	₹	<b>9758803</b>	15171279
xv Legal and professional charges	₹	<b>6930612</b>	8158843
xvi Net loss on foreign currency transaction and translation (other than considered as finance cost)	₹	<b>152787200</b>	356391062
xvii Donations	₹	<b>223260</b>	480280
xviii Bad debts written off	₹	<b>5244368</b>	480074
xix Provision for doubtful debts	₹	<b>0</b>	4129261
xx Provision for doubtful advances	₹	<b>25000000</b>	0
xxi Carriage and freight	₹	<b>192541562</b>	162585478
xxii Discounts	₹	<b>13336742</b>	25781890
xxiii Directors fees	₹	<b>447000</b>	347000
xxiv Bank charges	₹	<b>4439705</b>	778369
xxv Commission on sales	₹	<b>15052798</b>	18559741
xxvi Provision for diminution in value of long term investments	₹	<b>0</b>	156799
xxvii Miscellaneous expenses	₹	<b>39247827</b>	38045827
xxviii Prior year adjustments (net)	₹	<b>182885</b>	1003502
	₹	<b>782294889</b>	912555636

**29. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:****I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:****(a) Basis of preparation:**

The Financial Statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards specified under Section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014, other relevant provisions of the Act, other pronouncements of the Institute of Chartered Accountants of India and also the guidelines issued by the Securities and Exchange Board of India (SEBI). The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and time between acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current/non-current classification of assets and liabilities.

**(b) Use of Estimates:**

The preparation of Financial Statements in conformity with generally accepted accounting principles requires the management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of Financial Statements and reported amounts of revenues and expenses for the year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between actual results and estimates are recognised in the period in which the results are known / materialized.

**(c) Tangible Assets:**

- i. Tangible assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any. Historical cost is inclusive of freight, duties and taxes and incidental expenses related to acquisition and net of CENVAT / VAT credit availed against tax and Cess paid on such items.
- ii. Expenditure directly relating to construction activity is capitalised. Indirect expenditure is capitalized to the extent those relate to the construction activity or is incidental thereto. Income earned during the construction period is deducted from the total expenditure relating to construction activity.
- iii. Blast Furnace relining is capitalised. The written down value of the asset consisting of lining / relining expenditure embedded in the cost of the furnace is written off in the year of fresh relining.
- iv. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower and shown under other current assets.

**(d) Depreciation:**

- i. Depreciation is computed on a straight line basis so as to write off cost of assets over the useful lives of tangible fixed assets in the manner prescribed in Schedule II of the Act. Depreciation in respect of its electricity business is provided at the rates as well as methodology notified by the Central Electricity Regulatory Commission. The useful life of the assets are periodically reviewed and re-determined based on a technical evaluation and expected use and the unamortised depreciable amount is charged over the remaining useful life of such assets.
- ii. Depreciation on fixed assets used for the project under construction is included under expenditure during construction period pending capitalisation.

**(e) Intangible assets and amortisation**

Intangible assets are stated at historical cost less accumulated amortisation thereon and impairment loss, if any. These assets are amortised over a period of 3 years, which is based on their estimated useful life.

**(f) Impairment of Assets:**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of amortised historical cost.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**

- (g) Excise Duty:  
Excise duties recovered are included in "Gross Sales". Excise Duty on sales is shown as an item of expense and deducted from Gross Sales. The value of closing inventory of finished goods includes Excise Duty paid/payable on such stocks wherever applicable.
- (h) Investments:
- i. Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments.
  - ii. Current investments are carried at lower of cost and fair value determined on individual investment basis.
  - iii. Long-term investments are carried at cost of acquisition. Provision is made for decline, other than temporary, in the value of investments.
  - iv. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged to or credited to the Statement of Profit and Loss.
- (i) Inventories:
- i. Raw materials, stores, spares and consumables are valued at lower of cost, calculated on first-in-first-out (FIFO) basis. Items held for use in the production of inventories are not written down below cost if the finished product in which these will be incorporated are expected to be sold at or above cost.
  - ii. Finished goods and work-in-progress are valued at lower of cost and net realisable value except for By-products and Scrap which are valued at net realisable value. Cost includes materials, labour and a proportion of appropriate overheads based on normal operating capacity. Cost of finished goods includes Excise Duty. Cost is determined on a First-in-First-out (FIFO) basis.
  - iii. Trading goods are valued at lower of cost and net realisable value.
  - iv. Net realisable value is the estimated selling price in the ordinary course of business, reduced by the estimated costs of completion and costs to effect the sale.
  - v. Obsolete, defective and unserviceable inventories are duly provided for.
- (j) Employee benefits:
- i. Short-term benefits:  
Short-term benefits are charged off to the Statement of Profit and Loss at the undiscounted amount in the year in which the services have been rendered.
  - ii. Long-term benefits:
    - a). The Contributions to Provident Fund and Employee State Insurance Schemes, which are defined contributions schemes, to the relevant funds administered and managed by the Central Government of India are charged off to Statement of Profit and Loss as and when incurred. The Company has no further obligations under these plans beyond its monthly contributions.
    - b). Gratuity: Accruing liability towards gratuity is provided on the basis of actuarial valuation made by an independent Actuary. The actuarial valuation is done as per projected unit credit method. Actuarial gains/losses are immediately taken to Statement of Profit and Loss.
    - c). Leave Encashment Benefit: The Company records its unavailed leave liability based on actuarial valuation using projected unit credit method. Actuarial gains / losses arising during the year are recognised in Statement of Profit and Loss.
  - iii. Terminal benefits are recognised as an expense as and when incurred.
- (k) Foreign Exchange Transactions:
- i. Initial Recognition: Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.
  - ii. Conversion: Foreign currency monetary items are reported at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.
  - iii. Exchange difference: Exchange differences arising on the settlement of monetary items or on reporting monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**

- iv. Forward exchange contracts not intended for trading purpose: In case of forward exchange contracts, difference between forward rate and the exchange rate on the date of transaction is recognised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.
- (l) Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be readily measured.

  - i. Sales:

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to the customers. Gross sales includes Excise Duty and adjustments for price variation. Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances.
  - ii. Interest:

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.
  - iii. Dividend:

Dividend is recognised when the shareholders' right to receive payment is established by the Balance Sheet date.
  - iv. Service income is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.
- (m) Segment Accounting:

Segments are identified based on the types of products, the risks and returns, internal performance reporting system and the internal organisation and management structure. The Company has identified business segment as its primary reporting segment with secondary information reported geographically. The Company's primary segments consist of Pig Iron and the Metallurgical Coke with co-generation of power. Geographical segment is considered based on sales within India and outside India.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment Assets and Liabilities include all operating assets and liabilities. Segment results include all related income and expenditure. Unallocated expenditure represents other income and expenses which relate to the Company as a whole and are not allocated to segments.
- (n) Leases:

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as an expense on a straight-line basis over the lease term.
- (o) Taxes on Income:
  - i. Tax expense or saving is the aggregate of current year tax, deferred tax charged or credited to the Statement of Profit and Loss for the year.
  - ii. Current year charge:

The provision for taxation is made based on an estimate of assessable income determined by the Company under the Income Tax Act, 1961. The Company also provides for such disallowances made on completion of assessment pending appeals, as considered appropriate depending on merits of each case.
  - iii. Deferred tax:

Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**

In the situations where the Company is entitled to tax holiday under Income Tax Act, 1961 no deferred tax is recognized in respect of timing differences which reverse during the tax holiday period, to the extent Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which timing difference originate.

Unrecognized deferred tax assets of earlier years are reassessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

iv. Minimum Alternate Tax (MAT) / MAT credit entitlement:

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal tax during the specified year. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(p) Proposed / Interim Dividend:

Dividend as proposed, if any, by the Board of Directors is accounted in the books of account, pending approval at the Annual General Meeting.

(q) Provisions:

A provision is recognised when there is a present obligation as a result of past event. It is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

(r) Borrowing Costs:

Borrowing cost includes interest, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to acquisition or construction of fixed assets which necessarily take a substantial period of time to get ready for their intended use, incurred till the time of commencement of commercial production or their intended use are capitalized. All other borrowing costs are expensed in the period they occur

(s) Earnings per Share:

i. The basic Earnings Per Share (EPS) is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year.

ii. Diluted Earnings Per Share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares.

(t) Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(u) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities which are possible or present obligations that may probably will not require outflow of resources are not recognised but are disclosed in the Notes to the Financial Statements. Contingent Assets are neither recognised nor disclosed in the Financial Statements.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**
**II. OTHER EXPLANATORY INFORMATION::**
**1 CORPORATE INFORMATION:**

Sathavahana Ispat Limited (the Company) is a listed Company in India and is engaged in the manufacture of Pig iron, Metallurgical Coke with Co-generation of Power. The Pig Iron Plant is in Anantapuramu District of Andhra Pradesh and the Metallurgical Coke with Co-generation Power facility is in Bellary District, Karnataka. The Company's head office is at Hyderabad, India. A major portion of Metallurgical Coke is captively used for manufacture of Pig Iron. The Company's turnover is mainly from domestic markets. The Equity Shares of the Company are listed on the BSE Limited and The National Stock Exchange of India Limited.

2 Previous year figures have been regrouped/ recast/ rearranged wherever necessary to conform to current year classification.

**3 CHANGE IN ACCOUNTING ESTIMATE:**

As per the requirements of the Companies Act, 2013 ("the Act"), the Company has computed depreciation on the basis of the useful lives of tangible fixed assets in the manner prescribed in Schedule II of the Act. Consequently, depreciation for the year is higher by ₹7391322/- and depreciation of ₹16199140/- (net of deferred tax of ₹7243899/-) on account of assets whose useful life is already exhausted as on 1st April, 2014 has been adjusted to Reserves and Surplus.

**4 CONTINGENT LIABILITIES AND COMMITMENTS:**

		<b>As at</b>	As at
		<b>31st March 2015</b>	31st March 2014
A	Contingent Liabilities:		
i.	On account of bank guarantees issued by the bankers	₹ <b>6285000</b>	6785000
ii.	Claims against the Company not acknowledged as debt	₹ <b>4613462</b>	12168141
iii.	Taxes and Duty demands contested by the Company:		
	Central Excise	₹ <b>1907216</b>	1907216
	Commercial Taxes	₹ <b>4204325</b>	4659190
	Income Tax	₹ <b>1379100</b>	1379100
	Customs	₹ <b>108703540</b>	190301
	Sub Total	₹ <b>116194181</b>	<b>8135807</b>
iv.	Total	₹ <b>127092643</b>	<b>27088948</b>

Note: It is not practicable for the Company to estimate the timing of cash flows, if any, in respect of above pending resolution of the respective proceedings

**B Commitments:**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	₹	<b>28529769</b>	1246974226
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**5 Current liabilities include the following project related liabilities:**

i.	Buyers credit under short term borrowings	₹ <b>145308754</b>	1166922331
ii.	Other payables under other current liabilities	₹ <b>752409045</b>	830194023
iii.	Current maturities of long term debt under other current liabilities	₹ <b>607757071</b>	510766825
iv.	Total	₹ <b>1505474870</b>	2507883179

The above liabilities aggregating to ₹1505474870/- (previous year ₹2507883179/-) pertaining to project under implementation but classified as current liabilities by following schedule III to the Act. Un-drawn term loan is ₹ Nil (previous year ₹1706574591/-).

6 Confirmation letters have been issued in respect of trade receivables and other receivables, loans and advances and trade payables and other payables of the Company. Balances where confirmations are not forthcoming such balances are subject to reconciliation and consequential adjustment required, if any, would be determined/made on receipt of confirmation. However, in the opinion of the Board, assets other than fixed assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities have been made.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**
**7 EXCISE DUTY ON OPENING AND CLOSING STOCKS:**

Excise Duty on sales for the year has been disclosed as reduction from turnover. Excise Duty relating to the difference between closing stock and opening stock has been included in Note 25 "Changes in inventories of finished goods and work-in-progress."

**8 FOREIGN CURRENCY EXPOSURES THAT ARE HEDGED BY A DERIVATIVE INSTRUMENTS:**

- a. The Company uses foreign exchange forward contracts to hedge its foreign currency exposures relating to the underlying transactions and firm commitments to mitigate the foreign exchange fluctuation risk and to reduce the hedging cost to the Company. The Company does not use these derivative instruments for trading and speculative purposes.
- b. The details of outstanding foreign exchange forward contracts are:

Nature of Contract	As at		As at		As at
	31st March 2015		31st March 2014		31st March 2014
	No. of contracts		Currency	Amount	Amount
Buy	0	1	US\$	0	9540013
			₹	0	595937064

**9 FOREIGN CURRENCY EXPOSURES THAT ARE NOT HEDGED BY A DERIVATIVE INSTRUMENTS OR OTHERWISE:**

	As at		As at	
	31st March 2015		31st March 2014	
(a) Payable for supply and services:				
i. Amount in foreign currency		US\$	<b>46476003</b>	50287212
ii. Amount equivalent in Indian currency		₹	<b>2904750194</b>	3012958335
(b) Buyer's credit:				
i. Amount in foreign currency		US\$	<b>27266819</b>	46086939
ii. Amount equivalent in Indian currency		₹	<b>1704176174</b>	2761298947
iii. Amount in foreign currency		€	<b>416617</b>	0
iv. Amount equivalent in Indian currency		₹	<b>27992497</b>	0

**10 Disclosure on utilisation of proceeds of Preferential Issues in terms of SEBI (ICDR) Regulations 2009:**

The proceeds of preferential issue made in the year 2013-14 amounting to ₹ 450000000/- have been fully utilised for the purposes for which they were raised.

**11 Corporate Social Responsibility (CSR):**

In terms of provisions of sub section 5 to section 135 of the Companies Act 2013 the Company is not required to earmark any fund for Corporate Social Responsibility activities in view of the past losses.

**12 DISCLOSURES UNDER ACCOUNTING STANDARD 15 (REVISED) ON EMPLOYEE BENEFITS:**

	For the Year ended		For the Year ended	
	31st March 2015		31st March 2014	
(a) DEFINED CONTRIBUTION SCHEMES:				
Contributions to Defined Contribution Schemes charged off for the year are as under:				
i. Contribution to Provident Fund		₹	<b>15205436</b>	12279127
ii. Contribution to Employee State Insurance		₹	<b>256326</b>	257147
(b) DEFINED BENEFIT PLANS:				
(Disclosures as per Actuary Certification)				
i. <b>Gratuity (unfunded)</b>				
(i) Statement of Profit and Loss:				
(a) Current service cost		₹	<b>2144771</b>	1622716
(b) Interest cost on benefit obligation		₹	<b>2253912</b>	1762664

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**

	(c) Expected return on plan assets	₹	<b>Nil</b>	Nil
	(d) Net Actuarial (gain) / loss recognised in the year	₹	<b>3505366</b>	4397382
	(e) Past service cost	₹	<b>Nil</b>	Nil
	(f) Net benefit expenses	₹	<b>7904049</b>	7782762
ii.	Balance Sheet:			
	Change in the present value of the defined benefit obligation are as follows:			
	(a) Opening defined benefit obligation	₹	<b>28173904</b>	22033299
	(b) Interest cost	₹	<b>2253912</b>	1762664
	(c) Current services cost	₹	<b>2144771</b>	1622716
	(d) Past services cost	₹	<b>0</b>	0
	(e) Benefits paid	₹	<b>(1054687)</b>	(1642157)
	(f) Actuarial (gain)/Loss on obligation	₹	<b>3505366</b>	4397382
	(g) Closing defined benefit obligation	₹	<b>35023266</b>	28173904
<b>ii.</b>	<b>Leave Encashment (unfunded)</b>			
	(i) Statement of Profit and Loss:			
	(a) Current service cost	₹	<b>460378</b>	324031
	(b) Interest cost on benefit obligation	₹	<b>570746</b>	483758
	(c) Expected return on plan assets	₹	<b>Nil</b>	Nil
	(d) Net actuarial (gain) / loss recognised in the year	₹	<b>765363</b>	675549
	(e) Past service cost	₹	<b>Nil</b>	Nil
	(f) Net benefit expenses	₹	<b>1796487</b>	1483338
ii.	Balance Sheet:			
	Change in the present value of the defined benefit obligation are as follows:			
	(a) Opening defined benefit obligation	₹	<b>7134331</b>	6046979
	(b) Interest cost	₹	<b>570746</b>	483758
	(c) Current services cost	₹	<b>460378</b>	324031
	(d) Benefits paid	₹	<b>(251596)</b>	(395986)
	(e) Actuarial (gain)/Loss on obligation	₹	<b>765363</b>	675549
	(f) Closing defined benefit obligation	₹	<b>8679222</b>	7134331
(c)	THE PRINCIPLE ASSUMPTIONS USED IN DETERMINING GRATUITY AND LEAVE ENCASHMENT:			
	i. Salary rise per annum	%	<b>4</b>	4
	ii. Discount rate per annum	%	<b>8</b>	8
	iii. Attrition rate per annum	%	<b>3</b>	3
(d)	The present value of obligation in respect of provision for payment of leave encashment is determined based on actuarial valuation using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation recognised and charged off to Statement of Profit and Loss.			
(e)	The estimates of rate of escalation in salary considered in actuarial valuation is determined after taking 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.			

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**
**13 DISCLOSURES UNDER ACCOUNTING STANDARD 17 ON SEGMENT REPORTING:**

The Company's business consists of two reportable segments viz., Pig Iron and Metallurgical Coke with Co-generation Power as per Accounting Standard 17 "Segment Reporting".

Segment information has been prepared in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company. Inter/Intra segment transfers are accounted at selling price to the transferring segment. Inter segment transfers are eliminated on consolidation. As a part of secondary reporting revenues are attributed to geographical markets based on the location of the customers. The following tables present the revenue, profit or loss, assets and liabilities information relating to the business/geographical segment for the year ended 31st March 2015.

**I. Primary Segment Reporting:**

Reportable Segment	2014-15			2013-14		
	Pig Iron	Metallurgical Coke with Co-generation Power	Total	Pig Iron	Metallurgical Coke with Co-generation Power	Total
	₹	₹	₹	₹	₹	₹
<b>Revenue:</b>						
Revenue from operations (net)	4256443461	7647819454	11904262915	3193862427	8071775063	11265637490
Inter/Intra segment sales	0	2108151139	2108151139	0	1884934823	1884934823
<b>Total Revenue</b>	<b>4256443461</b>	<b>5539668315</b>	<b>9796111776</b>	3193862427	6186840240	9380702667
<b>Result:</b>						
Segment result / (loss)	316949541	569299921	886249462	(259230419)	180353799	(78876620)
Interest (net)	Nil	Nil	330236058	Nil	Nil	311815640
Other Un-allocable expenditure (net)	Nil	Nil	275258415	Nil	Nil	153363786
Profit / (Loss) before tax	Nil	Nil	280754989	Nil	Nil	(544056046)
Provision for tax	Nil	Nil	22441507	Nil	Nil	36210845
<b>Profit / (Loss) after tax</b>	<b>Nil</b>	<b>Nil</b>	<b>258313482</b>	Nil	Nil	(580266891)
<b>Other Information:</b>						
Segment assets	8237252050	5596262400	13833514450	7656358349	6523005671	14179364020
Unallocated assets	43403743	0	43403743	133498869	0	133498869
<b>Total assets</b>	<b>8280655793</b>	<b>5596262400</b>	<b>13876918193</b>	7789857218	6523005671	14312862889
Segment liabilities	6408217988	5177949543	11586167531	6745355011	5532932816	12278287827
Unallocated liabilities	7595375	0	7595375	8731725	0	8731725
<b>Total liabilities</b>	<b>6415813363</b>	<b>5177949543</b>	<b>11593762906</b>	6754086736	5532932816	12287019552
<b>Capital expenditure:</b>						
Tangible assets	8995907	25231424	34227331	4105871	5132540	9238411
Intangible assets	0	0	0	0	0	0
Depreciation and amortisation	53220293	191858489	245078782	46882819	184867879	231750698

**II. Secondary Segment Reporting:**

	2014-15			2013-14		
	Within India	Outside India	Total	Within India	Outside India	Total
External revenue by location of customers (net)	8572260222	1223851554	9796111776	9022105749	358596918	9380702667
Carrying amount of segment assets by location of assets	13876918193	0	13876918193	14312862889	0	14312862889
Cost incurred on acquisition of tangible and intangible fixed assets	34227331	0	34227331	9238411	0	9238411

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**
**14 DISCLOSURES UNDER ACCOUNTING STANDARD 18 ON TRANSACTIONS WITH RELATED PARTIES:**

As per Accounting Standard (AS – 18) transactions with the related parties as defined in the said Accounting Standard are given below :

SL No	Name of the Related Party / Nature of Transaction	2014-15		2013-14	
		Amount of Transaction ₹	Amount Outstanding ₹	Amount of Transaction ₹	Amount Outstanding ₹
<b>1.0</b>	<b>Key Management Personnel:</b>				
1.1	<b>Managerial Remuneration:</b>				
	Shri A.S.Rao	<b>2481061</b>	<b>6592373 Cr.</b>	2409360	4882445 Cr.
	Shri A. Naresh Kumar	<b>3792537</b>	<b>5726809 Cr.</b>	2409360	4685675 Cr.
	Shri T. Sreerama Murthy (upto 02.03.2015)	<b>1009000</b>	<b>181769 Cr.</b>	0	0
1.2	<b>Rent:</b>				
	Shri A.Naresh Kumar	<b>583200</b>	<b>2303640 Cr.</b>	583200	1720440 Cr.
1.3	<b>Rent Deposit:</b>				
	Shri A. Naresh Kumar	<b>0</b>	<b>1215000 Dr.</b>	0	1215000 Dr.
1.4	<b>Interest on unsecured loans:</b>				
	Shri A. Naresh Kumar	<b>1053107</b>	<b>0</b>	1056000	1900800 Cr.
<b>2.0</b>	<b>Relatives of Key Management Personnel:</b>				
2.1	<b>Rent:</b>				
	Smt. A. Mutya Bai	<b>983400</b>	<b>447621 Cr.</b>	983400	878811 Cr.
	Shri A. Ashok Kumar	<b>1000800</b>	<b>4353480 Cr.</b>	1000800	3452760 Cr.
2.2	<b>Rent Deposit:</b>				
	Smt. A. Mutya Bai	<b>0</b>	<b>473400 Dr</b>	0	473400 Dr
	Shri A. Ashok Kumar	<b>0</b>	<b>1515600 Dr</b>	0	1515600 Dr
2.3	<b>Acceptance of unsecured loans:</b>				
	Shri. A.Naresh Kumar	<b>0</b>	<b>0</b>	0	8800000 Cr.
2.4	<b>Repayment of unsecured loans:</b>				
	Shri. A.Naresh Kumar	<b>8800000</b>	<b>0</b>	0	0
<b>3.0</b>	<b>Concerns in which Key Management Personnel are interested:</b>				
3.1	<b>Share Deposits:</b>				
	Maruthi Industries Limited	<b>0</b>	<b>0</b>	0	5750000 Dr.
	Vamsadhara Polymers Limited	<b>0</b>	<b>0</b>	0	2400000 Dr.
3.2	Share Deposits received back				
	Maruthi Industries Limited	<b>5750000</b>	<b>0</b>	0	0
	Vamsadhara Polymers Limited	<b>2400000</b>	<b>0</b>	0	0
3.3	Allotment of Equity Shares including Share Premium:				
	Ganapati Holdings Pte Limited, Singapore	<b>0</b>	<b>0</b>	90720000	0
3.4	Provision for doubtful advances no longer required written back				
	Maruthi Industries Limited	<b>0</b>	<b>0</b>	18851	0
3.5	Recovery of other advances				
	Vamsadhara Polymers Limited	<b>0</b>	<b>0</b>	999724	0

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**
**15 DISCLOSURES UNDER ACCOUNTING STANDARD 19 ON LEASES:**

Information on leases as per Accounting Standard 19 "Leases":

**Operating Lease expenses:**

The Company has various operating leases for various premises that are renewable on a periodic basis and cancelable at its option. Rental expenses for operating leases recognised in the Statement of Profit and Loss for the year is ₹4909853/- (previous year ₹4655088/-)

**16 DISCLOSURES UNDER ACCOUNTING STANDARD 20 ON EARNINGS PER SHARE:**

Earnings / (Loss) Per Share – The numerator and denominator used to calculate Earnings / (Loss) per Share:

		<b>Year ended 31st March 2015</b>	Year ended 31st March 2014
(i) Profit / (Loss) attributable to the Equity Shareholders (A)	₹	<b>258313482</b>	(580266891)
(ii) Basic/Weighted average number of Equity Shares outstanding during the year (B)	Nos.	<b>50900000</b>	40009589
(iii) Diluted / Weighted average number of Equity Shares outstanding during the year (C)	Nos.	<b>50900000</b>	40009589
(iv) Face value of Equity Share	₹	<b>10</b>	10
(v) Basic Earnings / (Loss) per Share (A/B)	₹	<b>5.07</b>	(14.50)
(vi) Diluted Earnings / (Loss) per Share (A)/(C)	₹	<b>5.07</b>	(14.50)

**17 PROVISION FOR TAXATION:**

(i) The Company estimates the deferred tax charge / (credit) using the applicable rate of taxation based on the impact of timing differences between financial statements and estimated taxable income for the current year.

The movement of provision for Deferred Tax is given below:

Particulars	Opening as at 01.04.2014 ₹	Charge / (Credit) during the year ₹	Closing as at 31.03.2015 ₹
(i) Deferred Tax liabilities :			
(a) Depreciation	353906752	<b>13051837</b>	366958589
(b) Others	9046564	<b>540214</b>	9586778
Total (A)	<u>362953316</u>	<u><b>13592051</b></u>	<u>376545367</u>
(ii) Deferred Tax assets :			
(a) Expenses allowable on payment basis under Income Tax Act 1961	10638280	<b>1331671</b>	11969951
(b) Others	112942256	<b>(2937228)</b>	110005028
Total (B)	<u>123580536</u>	<u><b>(1605557)</b></u>	<u>121974979</u>
(iii) Deferred Tax liability (net) (A)-(B)	<u>239372780</u>	<u><b>(15197608)</b></u>	<u>254570388</u>



**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**

		For the Year ended 31st March 2015	For the Year ended 31st March 2014
<b>18 DETAILS OF FINISHED GOODS:</b>			
A. Sales value:			
I. Manufactured goods:			
i. Pig Iron	₹	<b>3969884068</b>	3586303744
ii. Pig Iron (captive consumption)	₹	<b>722827054</b>	0
iii. Granulated Slag	₹	<b>593140</b>	1283143
iv. Metallurgical Coke	₹	<b>3413567743</b>	4386330713
v. Co-generation Power	₹	<b>1227798402</b>	1394168307
vi. Others:	₹	<b>0</b>	26076387
	₹	<b>9334670407</b>	9394162294
II. Traded goods:			
Coking Coal	₹	<b>1223851554</b>	756403547
B. Closing inventory:			
I. Pig Iron	₹	<b>138300941</b>	266883570
ii. Granulated Slag	₹	<b>4768851</b>	2291423
iii. Metallurgical Coke	₹	<b>319923845</b>	571524811
iv. Ductile Iron Pipes (Trial production)	₹	<b>595855689</b>	0
	₹	<b>1058849326</b>	840699804
C. Opening inventory:			
I. Pig Iron	₹	<b>266883570</b>	297254222
ii. Granulated Slag	₹	<b>2291423</b>	1223178
iii. Metallurgical Coke	₹	<b>571524811</b>	1113254160
	₹	<b>840699804</b>	1411731560
D. <b>Purchase of traded goods:</b>			
Coking Coal	₹	<b>1184687221</b>	729026729
<b>19 DETAILS OF WORK- IN -PROGRESS:</b>			
i. Pig Iron	₹	<b>9304518</b>	8138933
ii. Metallurgical Coke	₹	<b>57193898</b>	50931691
iii. Ductile Iron Pipes (Trial production)	₹	<b>102451986</b>	0
	₹	<b>168950402</b>	59070624
<b>20 VALUE OF IMPORTS CALCULATED ON C.I.F BASIS:</b>			
(a) Raw materials	₹	<b>5036210210</b>	5164000839
(b) Components and spare parts	₹	<b>70966747</b>	1432510
(c) Capital goods	₹	<b>56769138</b>	1367200874

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:**

	For the Year ended 31st March 2015	For the Year ended 31st March 2014
<b>21 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS AND THEIR PERCENTAGES TO TOTAL CONSUMPTION:</b>		
(a) Raw materials:		
Value:		
i. Imported	₹ 4843423662	5450052426
ii. Indigenous	₹ 1475522124	1290929345
	₹ 6318945786	6740981771
Percentages to total consumption		
i. Imported	% 76.65	80.85
ii. Indigenous	% 23.35	19.15
	% 100.00	100.00
(b) Spare Parts and Components:		
Value:		
i. Imported	₹ 0	1432510
ii. Indigenous	₹ 6720474	1702295
	₹ 6720474	3134805
Percentages to total consumption		
i. Imported	% 0.00	45.70
ii. Indigenous	% 100.00	54.30
	% 100.00	100.00
<b>22 EARNINGS IN FOREIGN EXCHANGE:</b>		
F.O.B value of exports- Traded goods	₹ 1223851554	358596918
<b>23 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):</b>		
(a) Usance Interest	₹ 42938718	74057439
(b) Travelling	₹ 717585	1108388
	₹ 43656303	75165827
<b>24</b> Leasehold land represents land purchased admeasuring 88.57 acres under lease-cum-sale agreement with Karnataka Industrial Area Development Board (KIADB), Government of Karnataka.		
<b>25</b> The Summary of Significant Accounting Policies and other Explanatory Information form an integral part of Balance Sheet, Statement of Profit and Loss and Cash Flow Statement.		

Per our report of even date  
For P.V.R.K. Nageswara Rao & Co.,  
Chartered Accountants  
Firm's Registration Number: 0022835

N. Anka Rao  
Partner  
Membership Number: 23939

Hyderabad  
Date:30.05.2015

For and on behalf of the Board of Directors

K.Thanu Pillai Chairman	A.S. Rao Executive Vice Chairman	
K.V.Krishna Rao Chief Financial Officer & Company Secretary	A.Naresh Kumar Managing Director	

## **CODE OF BUSINESS CONDUCT AND ETHICS**

### **1. INTRODUCTION:**

- 1.1 Good business and good ethics are identical if viewed from moral, legal and practical stand points. As we understand, ethics is the discipline dealing with what is good and bad, or right or wrong or with moral duty and obligation. Viewed from this sense of understanding, business ethics is the application of ethical principles to business relationships and activities. The trust and respect of all stakeholders are biggest assets which cannot be purchased but earned. Therefore, the business of a corporate must be conducted according to the highest ethical standards.
- 1.2 This Code is aimed at adding ethics to the business curriculum. The present written Code of Business Conduct and Ethics is expected to make the users ethically sensitized and would improve the business practices. When confronted with ethical dilemmas, this Code is expected to offer some guidance in resolving them and therefore, the users are encouraged to review and imbibe the same in their day to day functioning.
- 1.3 This Code is only a guidance note and is not exhaustive. The users may well take this as a basic and minimum discipline for taking any business decision or conduct of business. The users are always encouraged to follow any improved set of ethical standards in the given circumstances and set an example for others and thus represent our business as a role model.

### **2. POLICY STATEMENT:**

- 2.1 This Code of Business Conduct and Ethics (herein after referred to as "Code") embodies the commitment of Sathavahana Ispat Limited to conduct our business in accordance with highest standards of ethics and with all applicable laws, rules and regulations. This Code forms an integral part of the Corporate Governance policy of the Company and all the members of the Board of Directors and Senior Management must adhere to the policy of Corporate Governance and the present Code in its true spirit. The members of the Board of Directors and Senior Management are expected to and advised to follow the principles and procedures set forth in this Code in their respective functioning and thus set highest ethical standards in their business and personal dealings.

### **3. OBJECTIVE:**

- 3.1 In line with the avowed policy on Corporate Governance, the objective of this Code is to bring in highest standards in the conduct of Company's business while ensuring honesty and integrity in managing the affairs of the Company. The Code is aimed at providing accountability, transparency and control systems and encourages value creation. We, at Sathavahana

Ispat Limited believe that we are the trustees of all the stakeholders involved in the Company and in terms of this trusteeship, we should strive hard to protect and further the interest of our stakeholders in perpetuity.

### **4. AUTHORITY:**

- 4.1 The Board of Directors of the Company is the authority for setting the standards of the Code. Should there arises a need for review, refinement, improvement, modification and update of the Code, the Board of Directors of the Company is alone empowered to do so on a periodical basis while ensuring its continuing relevance, effectiveness and responsiveness to the needs of all stakeholders as also to reflect corporate, legal and regulatory developments.
- 4.2 It is the intention of the Company that this Code will also be The Code of Conduct and Ethics for the Board of Directors and Senior Management stated in the listing requirements of clause 49 of the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's equity shares are listed.
- 4.3 In the event of any difficulty in understanding and interpretation of the Code, the Board of Directors shall be the sole authority to clarify and apply the meaning to the issue on hand.

### **5. APPLICATION:**

- 5.1 This Code shall apply to all the Board of Directors of the Company irrespective of executive and non-executive directors. This Code shall also apply to all the Senior Management of the Company covering all functional heads upto the level of Managers. Each person covered by the Code shall submit a signed annual declaration to the Company certifying therein, interalia, the compliance of the Code.

### **6. DISCLOSURE:**

- 6.1 It is the intention of the Company that this Code shall be included in the next annual report of the Company to the shareholders as an exhibit to the report on Corporate Governance and be included so thereafter as may be decided by the Board of Directors in every annual report of the Company to the shareholders. The Code be also posted and maintained on the website of the Company, as and when the Company hosts its website.
- 6.2 The Managing Director in his capacity as Chief Executive Officer of the Company shall make an annual statement in the Annual Report of the Company addressed to all stakeholders to the shareholders that all the Directors and Senior Management of the Company has complied with the standards of the Code and a certificate from every person affirming the compliance has been obtained.

- 6.3 Any update and modification to the Code shall be promptly disseminated and notified to all the members of the Board of Directors and senior management of the Company and so also to the Stock Exchanges where the equity shares of the Company are listed.
- 7. STANDARDS:**
- 7.1 Fiduciary duty and Conflict interest:**
- 7.1.1 Directors and Senior Management owe a fiduciary duty to the Company to act always in the best interests of the Company and have a bounden duty to advance its legitimate business interests to itself whenever the opportunity to do so arises and must avoid any situation in which personal interests conflict or have potential of conflict with the Company interests.**
- 7.1.2 Directors and Senior Management are prohibited from taking any benefit or advantage for themselves or through a third party entity where they have a direct or indirect relation, any corporate or business opportunity that is discovered through the use of Company's property, information or position unless Company itself has been given or afforded a first right of opportunity or option to take advantage of such opportunity and /or refusal and the Company has turned down such opportunity or option and refused to take such opportunity. Directors and Senior Management should desist from taking any personal gain, directly or indirectly through any related party, out of any corporate or business opportunity which otherwise would have genuinely belonged to the Company by virtue of deployment of its resources.
- 7.1.3 In the event of any conflict of interest in a particular situation, the proper course would be to have an approval of the Board of Directors of the Company beforehand. Where any personal benefit or gain made or accrued out of any corporate or business opportunity in which Company's property or services were used, the Directors and Senior Management must promptly account for such benefit or gain to the Company.
- 8.1 Confidentiality:**
- 8.1.1 All confidential information concerning the Company is the property of the Company and must be closely guarded and / or protected and shall not be disclosed to any third party save and except mandated to do so by Law or authorized by the Company.**
- 8.1.2 Confidential information concerning Company include possible / future business opportunities, customer and supplier data or profile, financial performance, unpublished financial information and / or financial data, unpublished securities information, technology and technical information, technical advancements, patents, trade marks, copy rights or any other information, expertise, knowledge which are in the exclusive domain of the Company.
- 8.1.3 Directors and Senior Management are prohibited from disclosing or using the same for personal gain any confidential information concerning the Company, which they acquire in the course of their association / employment with the Company. Such prohibition shall extend not only to work place but also to any other outside place and covers a period of say, one year after their dis-association or cessation of employment with the Company.
- 9.1 Insider Trading:**
- Trading of Securities of the Company on the basis of confidential information acquired through your association / employment with the Company is restricted and / or prohibited.**
- 9.2 Directors and Senior Management are bound by Securities and Exchange Board of India's (SEBI's) Insider Trading Regulations and Company's policy thereof. Directors and Senior Management are accordingly restricted from dealing in the Company's securities based on the unpublished price sensitive information concerning the Company during the opening of 'Window' period as provided in the above Regulations. Directors and Senior Management are strictly prohibited from dealing in the Company's securities based on any unpublished price sensitive information.
- 9.3 Any clarifications in this regard Director/Senior Management may always take assistance from Company Secretary and Compliance Officer of the Company.
- 10.1 Protection of Company's Assets:**
- 10.1.1 Protection of Company's Assets is of paramount importance and it is our duty to protect Company's Assets and also put the same to proper use.**
- 10.1.2 Company's assets are exclusive property of the Company and they are to be used solely for legitimate business purposes of the Company only. Directors and Senior Management in their capacities as 'trustees' of the Company's properties shall always endeavor to protect the Company's assets and also bound to put the same to proper use.
- 10.1.3 Company's assets should not be used for personal purposes both in the course of employment or association and after cessation of employment or association with the Company.
- 11.1 Compliance with Laws and Regulations:**
- 11.1.1 The Company seeks to comply in letter and spirit with all applicable laws and regulations in force and at all times and wherever operated.**
- 11.1.2 Company's business is guided by several laws and regulations some of which are stringent. Directors and Senior Management must endeavor to comply with all the applicable laws and regulations with respect to conduct of Company's business and personal conduct both within and outside work place.

11.1.3 Violation of any laws will attract personal indictment and penalties, and the Company will also similarly be subjected to such penalties. Directors and Senior Management should ensure total compliance of laws and regulations to avoid any such penalties. They should familiarize themselves about the laws of land and keep abreast of all changes / amendments from time to time.

**12.1 Fair Business Practice and Dealings:**

**12.1.1 The Company believes in fair dealings in the conduct of its business and encourages honest business competition.**

12.1.2 Fair dealings imply conducting ourselves with honesty and integrity and showing transparency and openness when dealing with Company's customers, suppliers, competitors and employees.

12.1.3 Directors and Senior Management are discouraged from engaging in unfair methods of competition and unfair or deceptive acts and practices. Directors and Senior Management are also discouraged from taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other unfair dealings.

12.1.4 Directors and Senior Management shall not authorize any third party to represent the Company whose business conduct and ethics are known to be inconsistent with the Code.

12.1.5 Directors and Senior Management are discouraged from accepting any gifts, contributions, donations other than customary nature from any parties and discourage offering such things to any third parties in the conduct of Company's business.

**13.1 Dissemination / Disclosure of Company's Information:**

**13.1.1 The Company encourages dissemination or disclosure of timely, accurate and complete information to all stakeholders and law enforcing authorities through proper channel.**

13.1.2 The Company is required to disclose information concerning its business affairs from time to time through media, publication, letters, notes, memoranda etc., the object being to keep the stakeholders, law enforcing authorities

and public at large informed of the Company's plans, policies, compliances, achievements, accomplishments etc.

13.1.3 Directors and Senior Management should ensure that dissemination / disclosure are time bound, accurate, complete, true and fair. Disclosure / dissemination of non-public information is strictly prohibited. Inter action with media should be only through authorized persons. Information sought by the law enforcing authorities should be furnished as early as possible. All disclosures / dissemination of information shall be for and on behalf of the Company.

**14.1 Health, safety and Environment:**

**14.1.1 The Company abides by the health, safety and environment norms guidelines and is committed to preserve quality of life of all concerned with Company's business.**

14.1.2 Protection / perseverance of health, safety and quality of life of all involved in the business of Company in a conducive external and internal environment is of utmost importance for a sustainable development and therefore deserves highest priority.

14.1.3 Directors and Senior Management shall ensure compliance with the health, safety and environment laws and regulations and strive hard to adopt best practices concerning these issues.

**15.1 Reporting violations:**

**15.1.1 Any activities that are in violation or having potential of violation of the Code should be promptly brought to the notice of the immediate supervisors or to the Chairman of the Board.**

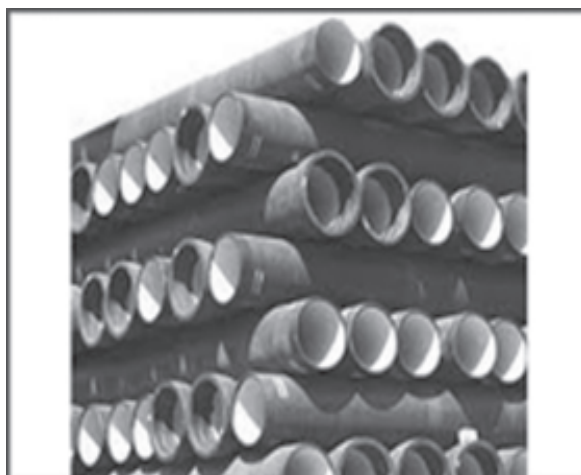
15.1.2 All employees are encouraged to report any violations or situations having potential of any violation should be brought to the notice of immediate supervisors or to the Chairman of the Company.

15.1.3 Directors / Senior Management should always welcome to receive information about violations of the Code from colleagues and sub ordinates such information and desist from taking punitive or vengeful action or punishment against the reporting employees.

**PRODUCT PROFILES**



**PIG IRON**



**DUCTILE IRON PIPES**



**METALLURGICAL COKE**



**POWER GENERATION**


**SATHAVAHANA ISPAT LIMITED**

CIN:L27109TG1989PLC010654

Regd.Office:314, Sri Rama Krishna Towers, Nagarjuna Nagar, Ameerpet, Hyderabad - 500 073

 Corp.Office:505, 5<sup>th</sup> Floor, Block 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016

**TWENTY SIXTH ANNUAL GENERAL MEETING  
ATTENDANCE SLIP**

(To be filled in by the shareholder and for handing over at the entrance of venue)

DP id- Client id		Name & Address of the Registered Shareholder
Regd. Folio No.		
No. of Shares held		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

 I, hereby, record my presence at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company being held on Wednesday, the 30<sup>th</sup> September, 2015 at 3.00 p.m. at Sri Sagi Ramakrishnam Raju Community Hall, Madhuranagar, Hyderabad - 500 038.

 \_\_\_\_\_  
Member's/proxy's Signature

**PROXY FORM MGT-11**

(Pursuant to Section 105(6) of the Companies Act 2013 and rule 19 (3) of the Companies (Management and Administration) Rules 2014)

Name of the Company	SATHAVAHANA ISPAT LIMITED
CIN	L27109TG1989PLC010654
Registered Office	314, Sri Ramakrishna Towers, Nagarjunanagar, Hyderabad - 500 0073
Event	TWENTY SIXTH ANNUAL GENERAL MEETING
Name of the Member(s)	
Registered Address	
E-mail id	
Folio No./Client id	
DP ID	

I/We, being the member(s) of \_\_\_\_\_ Shares of the above named Company, hereby appoint:

1	Name		
	Address		
	E-mail id		
	Or failing him	Signature	
2	Name		
	Address		
	E-mail id		
	Or failing him	Signature	
3	Name		
	Address		
	E-mail id		
	Or failing him	Signature	

 as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the TWENTY SIXTH ANNUAL GENERAL MEETING of the Company to be held on Wednesday the 30<sup>th</sup> Day of September 2015 at 3.00 p.m. at Sri Sagi Ramakrishnam Raju Community Hall, Madhuranagar, Hyderabad - 500 038, and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution No.

1.	2.	3.	4.	5.
6.	7.			

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

 Affix  
Revenue  
Stamp

Signature of Shareholder

Signature of Proxy(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.

**(No gifts will be distributed at the Annual General Meeting)**

**Regd. Post / Courier Service  
Printed Matter**



*If Underlivered please return to :*

**Sathavahana Ispat Limited**

505, 5th Floor, Block - 1,









Divyashakti Complex,

Ameerpet, Hyderabad- 500 016



**FORM A**

**Format of covering letter of the annual audit report  
to be filed with the stock exchanges**

1. Name of the Company:	<b>Sathavahana Ispat Limited</b> Stock Code: BSE- 526093 NSE- SATHAISPAT
2. Annual financial statements for the year ended	31st March 2015
3. Type of Audit observation	Un-qualified
4. Frequency of observation	Not Applicable
5. To be signed by-	<p><input type="checkbox"/> CEO/Managing Director</p> <p align="center">     <b>A. Nazresh Kumar</b>  <b>Managing Director</b> </p> <p><input type="checkbox"/> CFO</p> <p align="center">     <b>(K.V. Krishna Rao)</b>  <b>Chief Financial Officer</b> </p> <p><input type="checkbox"/> Auditor of the company</p> <p align="center">     <b>(N. ANKA RAO)</b> </p> <p><input type="checkbox"/> Audit Committee Chairman</p> <p align="center">     <b>(K. THANU PILLAI)</b>  <b>CHAIRMAN</b> </p>