
SATHAVAHANA ISPAT LIMITED



**27TH
ANNUAL REPORT
2015-16**

Index

S.No.	CONTENTS	PAGE NO.
1.	General Corporate Information	02
2.	Notice of 27 th Annual General Meeting	03 - 09
3.	Directors' Report	10 - 28
4.	Report on Corporate Governance	29 - 39
5.	Management Discussion & Analysis	40 - 44
6.	Independent Auditors' Report	45 - 50
7.	Balance Sheet	51
8.	Statement of Profit and Loss	52
9.	Cash Flow Statement	53 - 54
10.	Notes to Balance Sheet	55 - 60
11.	Notes to Statement of Profit and Loss	61 - 62
12.	Summary of Significant Accounting Policies and Other Explanatory Information	63 - 73
13.	Code of Business Conduct and Ethics	74 - 77
14.	Product Profile	78

AGM	: 27 th Annual General Meeting
Day and Date	: Friday, the 30 th September, 2016
Time	: 03.00 p.m.
Venue	: Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad-500 038
Cut off Date/Record Date : 15.09.2016	
Date of Book Closure	
i) Physical Mode	: 16.09.2016 to 30.09.2016 (both days inclusive)
ii) Electronic Mode	: 15.09.2016
ISIN No.	: INE 176C01016
Listing	: BSE Limited (BSE) (Stock Code : 526093) National Stock Exchange of India Limited (NSE) (Stock Code : sathaispat)

General Corporate Information

BOARD OF DIRECTORS :

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
Dr. Shailendra Dasari	Executive Director (Operations)

CFO & COMPANY SECRETARY

Shri K.V. Krishna Rao

AUDITORS:

M/s. P.V.R.K. Nageswara Rao & Co.,
Chartered Accountants, Hyderabad

SECRETARIAL AUDITORS:

M/s D.Hanumanta Raju & Co.,
Practicing Company Secretaries,
Hyderabad

COST AUDITORS:

M/s S. Mahadevan & Co.,
Practicing Cost Accountants,
Coimbatore

BANKERS :

State Bank of Hyderabad
Canara Bank
Andhra Bank

REGISTERED OFFICE :

314, Sri Ramakrishna Towers,
Nagarjuna Nagar, Ameerpet,
Hyderabad - 500 073 Telangana

**CORPORATE OFFICE &
SECRETARIAL DEPARTMENT:**

505, 5th Floor, Block - 1, Divyashakti Complex,
Ameerpet, Hyderabad - 500 016
Telangana

SHARE TRANSFER AGENTS :

M/s. XL Softech Systems Limited,
#3, Sagar Society, Road No.2,
Banjara Hills, Hyderabad – 500 034 Telangana

WORKS:

1. Haresamudram Village,
Bommanahal Mandal,
Anantapuramu District,
Andhra Pradesh.
2. Kudithini Village,
Korugodu Road,
Bellary District,
Karnataka.

NOTICE OF 27TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th 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 Friday, the 30th September, 2016 at 3.00 p.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2016 along with the Reports of Directors and Auditors thereon.
2. 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.
3. 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: 0022835) 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, (Firm's Registration Number: 0022835) Hyderabad, as Auditors of the Company to hold office from conclusion of this Annual General Meeting till the conclusion of twenty eighth 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:

4. To approve the appointment and fix remuneration payable to Cost Auditors, M/s. S. Mahadevan & Co.,

(Firm's Registration Number:00007) for the year ending 31st March 2017 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. Mahadevan & Co., Practicing Cost Accountants (Firm's Registration Number:00007) be and hereby, based on the recommendation of the Audit Committee, appointed as Cost Auditors of the Company to conduct Cost Audit of the Cost Records of the Company for the financial year ending 31st March 2017 and be paid a remuneration of Rs.5.00 lakhs (Rupees five lakhs 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: 12.08.2016

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

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

NOTES:

- 1) EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 IS ANNEXED.
- 2) THE RELEVANT DETAILS OF DIRECTORS, AS REQUIRED BY LISTING REGULATIONS SEEKING RE-APPOINTMENT UNDER ITEM NO. 2 ABOVE IS ANNEXED.
- 3) IN COMPLIANCE WITH PROVISIONS OF SECTION 108 OF THE COMPANIES ACT 2013 READ WITH THE RULES MADE THERE UNDER AND IN ACCORDANCE

WITH REGULATION 44 OF LISTING REGULATIONS 2015, 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 (✓) 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 20TH AUGUST, 2016.
- 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 15TH SEPTEMBER, 2016.
- 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 **16.09.2016 TO 30.09.2016** (BOTH DAYS INCLUSIVE) FOR TRANSFERS IN PHYSICAL MODE AND ON CLOSING OF **15.09.2016** 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 15TH SEPTEMBER 2016. 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 15TH SEPTEMBER 2016, MAY OBTAIN USER ID AND PASSWORD BY SENDING A REQUEST AT SATHAVAHANA@ETH.NET OR AT 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 31ST MARCH 2009, 31ST MARCH 2010 AND 31ST MARCH 2011, MAY APPROACH THE COMPANY

WITHOUT ANY FURTHER DELAY FOR THE PAYMENT OF THE SAID DIVIDEND WARRANTS. PURSUANT TO PROVISIONS OF SECTION 205C OF THE COMPANIES ACT, 1956 AND / OR SECTION 124 & 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 31ST MARCH 2009, 31ST MARCH 2010 AND 31ST MARCH 2011 WILL HAVE TO BE CLAIMED BY THE SHAREHOLDERS ON OR BEFORE 29TH SEPTEMBER 2016, 29TH SEPTEMBER 2017 AND 29TH SEPTEMBER 2018 RESPECTIVELY AND THEREAFTER IT WILL BE TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND ON OR BEFORE 28TH OCTOBER 2016, 28TH OCTOBER 2017 AND 28TH OCTOBER 2018 AS THE CASE MAY BE.** THE COMPANY HAS NOT DECLARED ANY DIVIDEND FOR THE YEAR ENDING 31ST MARCH 2012; 31ST MARCH 2013; 31ST MARCH 2014, 31ST MARCH 2015 AND 31ST MARCH 2016.

- 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, BANJARA 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, BANJARA HILLS, HYDERABAD – 500 034, EMAIL: XLFIELD@GMAIL.COM OR TO THE SECRETARIAL DEPARTMENT OF THE COMPANY AT 505, 5TH FLOOR, BLOCK-1, DIVYASHAKTI COMPLEX, AMEERPET, HYDERABAD – 500 016 EMAIL 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 26TH 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 REGISTRAR AND 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 (✓) 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 will also be accepted, if sent by Courier or by Registered Post at the expense of the Member. 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 29th September, 2016. Any Physical Ballot Paper received after last date (after 5.00 P.M. on 29th September 2016) 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 27th September 2016 (10.00 hrs.) and ends on 29th September 2016 (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. 15th September 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter (i.e. 17.00 hrs., 29th September 2016).

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 either physical ballot or by electronic mode made available at the venue.

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 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"> Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) 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. 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.
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" will appear.
- 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 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.
- After receiving the login details they have to create compliance user 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 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 field will not be editable. After entering the details click on submit.
- 3.4. If you enter your email ID the re-set password will 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 these 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 under help section or write an email to helpdesk.evoting@cdslindia.com.

5. GENERAL:

5.1. Members are requested to register their e-mail id with Registrar and Share 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 web: 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 two days from the date of conclusion of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 ("ACT") AND LISTING REGULATIONS 2015
ITEM 4:

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:00007) as Cost Auditors for conducting Cost Audit of the Cost Records of the Company for the year 2016-17 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 31st March 2017, 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.

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

Name of Director	Shri A.S.Rao
DIN	00899415
Date of Birth	13.08.1942
Date of Appointment	08.11.1989
Qualifications	B.Tech (Hons)
Expertise in specific functional areas	Over 50 years in Iron and Steel industry
List of Companies in which outside directorship held as on 31 st March, 2016.	1. Maruti Industries Limited 2. Vamsadhara Polymers Limited 3. Ganapati Adusumilli Fininvest private Limited
Chairman / Member of the Committees of the Board of the other Companies in which he is a Director as on 31 st March, 2016.	Nil
No.Shares Held	1424000

By order of the Board

Hyderabad
Date: 12.08.2016

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

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

DIRECTORS' REPORT

To
The Members,
SATHAVAHANA ISPAT LIMITED,

Your Board of Directors has pleasure in presenting the 27th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2016:

FINANCIAL RESULTS:

Your Board of Directors reports the following financial results for the year 2015-16:

(Amount in ₹)

Sl. No.	Particulars	Year ended 31-03-2016	Year ended 31-03-2015
1.	Gross revenue from operations	12322446236	10558535415
2.	Other income	90862164	70053077
3.	Operating profit /(loss) before finance costs and depreciation	904712415	1019215721
4.	Finance costs	1042964018	493381950
5.	Depreciation and amortization	459808405	245078782
6.	Profit / (loss) before tax	(598060008)	280754989
7.	Tax expense	(254570388)	22441507
8.	Net Profit / (loss) after tax	(343489620)	258313482
9.	Add: Profit/(loss) brought forward from last year	(412478101)	(654592443)
	Less: Depreciation on fixed assets due to revision in estimated useful lives	0	(16199140)
10.	Balance carried forward	(755967721)	(412478101)
11.	Earning /(loss)per Equity Share-Basic	(6.75)	5.07
12.	Earning/(loss)per Equity Share-Diluted	(6.75)	5.07

During the year under review, the performance of the Company is satisfactory. Although the sales have improved the Company ended with loss mainly due to lower capacity utilization of Ductile Iron Pipe manufacturing unit which in turn was on account of issues in process stabilization which is normal in the initial stages of the industry; subdued market conditions; adverse foreign exchange fluctuations and falling commodity prices in particular Iron and Steel prices. The performance during the year includes performance from Ductile Iron Pipe Plant, Sinter Plant, and captive thermal Power Plant of integrated project and accordingly is not comparable with the previous year's ended performance. The gross revenue at ₹12322446236/- is higher as compared to previous year's revenue of ₹10558535415/-. The year ended with loss before tax of ₹598060008/- as against profit before tax of ₹280754989/- in the previous year. During the year in the absence of virtual certainty, deferred tax asset on account of unabsorbed depreciation and business loss has been recognized to the extent it can be realised against reversal of deferred tax liability of ₹254570388/-. The year ended with net loss of ₹343489620/- as against net profit of ₹258313482/- in the year before. Accordingly, the loss per share accounted for at ₹6.75 as compared to earning per share of ₹5.07 in the previous year.

DIVIDEND AND GENERAL RESERVE:

The Board of Directors has not recommended any dividend for the year 2015-16 due to loss incurred during the year and carry forward loss from earlier years. Company cannot declare dividend until the carry forward loss is full

set off against the profits as provided in the Companies Act 2013. The Board of Directors also has not proposed to transfer any amount to General Reserve in view of the 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 2015-16 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 31st March 2016 and of the Loss 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 comprises Chairman -Shri K.Thanu Pillai, Independent Director and four other Independent Director members -Shri Syed Anis Hussain, Shri S.N.Rao, Smt Y. Prameela Rani and Shri M.S. Rama Mohan Rao. The Audit Committee at its meeting held on 30th May 2016 has considered and approved the Audited Accounts of the Company for the financial year ended 31st March 2016. The Audited Accounts for the financial year ended 31st March 2016, as approved and recommended by the Audit Committee, do not require any explanations from the Board.

CORPORATE GOVERNANCE:

Pursuant to Listing Regulations and the erstwhile 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.

DIRECTORS:

Shri A.S.Rao is liable for retirement of Directors by rotation at the end of the ensuing 27th Annual General Meeting and being eligible, offer himself for re-appointment at the said Annual General Meeting.

Shri A.S.Rao has been appointed as Executive Vice Chairman at 26th Annual General Meeting for a period of three years effective from 27.07.2015 to 26.07.2018 and the office of Executive Vice Chairman is liable for retirement of Directors by rotation. Shri A.S.Rao is eligible for re-appointment and approval of the Members for his re-appointment is being sought in the ensuing Annual General Meeting.

In the opinion of the Board the proposed appointee fulfils the conditions specified in the Companies Act 2013 and Rules made thereunder and keeps the Board strengthened.

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, Board meetings process, 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 Eighth 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 31st March 2016 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 (Firm's Registration Number 00007), as Cost Auditors for the financial year 2014-15 and 2015-16. The Cost Compliance Report as prepared by the Cost Auditors for the financial year 2014-15 has been filed with the Central Government within the due date. The Cost Compliance Report for the year 2015-16 prepared by the said Cost Auditors has been reviewed and adopted by the Board. 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 2016-17. 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 31st March 2017 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 2015-16 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 31st March 2016, 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 30th May 2016 has re-appointed M/s.D.Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad as Secretarial Auditor for the financial year 2016-17.

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, previously 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. INE176C01016. 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 26th 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 are monitored on a regular basis by the Board.

INTERNAL FINANCIAL CONTROL AND SYSTEMS AND THEIR ADEQUACY:

The Company has put in place Internal Financial Controls that will ensure the policies and procedures of the Company are followed regularly so that the business of the Company is conducted in orderly and efficient manner. The Internal Financial Controls are applied inter alia to test various aspects in the conduct of business including adherence to Company's policies, safeguarding Company's assets, prevention and detection of frauds and errors or irregularities, the accuracy and completeness of the accounting records and timely preparation of reliable financial information and the financial statements. In the opinion of the Board such Internal Financial Controls are adequate and were

operating effectively. During the year such Internal Financial Controls have been tested and no reportable weaknesses in the design and operations were observed.

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. However during the year the Company along with some other buyers contested before the Hon'ble High Court of Karnataka (HC) the levy of Forest Development Tax (FDT) by the miners on their sale of Iron Ore. The Hon'ble HC vide its judgement dated 15.02.2016 has granted partial relief to the Company and directed the Government of Karnataka (GOK) to refund the FDT collected earlier. Following the judgement the Company has vide its letter dated 09.03.2016 filed an application for refund of ₹2325.73 lakhs towards FDT collected in the earlier years. However Government of Karnataka and some mining companies have since gone on appeal before the Hon'ble Supreme Court against the above judgement. Pending disposal of the appeal, the Company has not recognised the said refund claim in its books of account in the Financial Year 2015-16.

SUBSIDIARY OR ASSOCIATE COMPANIES:

There are no subsidiary or associate companies to the Company as at the end of 31st March 2016. Accordingly no Consolidated Financial Statements is required to be reported.

CREDIT RATING:

During the year Brickwork Ratings India Private Limited., has assigned BWR BBB- rating for the company's long term bank borrowings and BWR A3 for working capital limits.

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 12th August 2016. The accompanying Financial Statements were approved and adopted by the Board of Directors at its meeting held on 30th May 2016.

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: 12.08.2016

(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 Captive Power Generation Plants, which utilise surplus Blast Furnace gas and waste heat from exhaust gases of Coke Ovens for generating Power apart from thermal coal. 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 manufacturing 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	3640537930
II)	Foreign Exchange Outgo:	
a)	C.I.F. value of imports:	
i.	Raw materials :	5676060813
ii.	Capital goods :	20585926
iii.	Components and spare parts :	41927556
b)	Travelling expenses :	760630
c)	Usance interest :	45383406

for and on behalf of the Board

Place: Hyderabad

Date: 12.08.2016

(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
	Independent Directors:	
1.	Shri K. Thanu Pillai	0.99
2.	Shri Syed Anis Hussain	1.77
3.	Shri S.N.Rao	0.71
4.	Smt Y.Prameela Rani	0.90
5.	Shri M.S.Rama Mohan Rao	0.62
	Whole Time Directors:	
6.	Shri A.Naresh Kumar	38.75
7.	Shri A.S.Rao	31.49
8.	Dr. Shailendra Dasari*	18.00

* Remuneration is from the date of appointment of the Director and accordingly is for part of the year. This ratio is therefore not comparable and is based on part remuneration.

- 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
	Independent Directors:	
1.	Shri K. Thanu Pillai	1.79
2.	Shri Syed Anis Hussain	12.09
3.	Shri S.N.Rao	-7.87
4.	Smt Y.Prameela Rani	100.00
5.	Shri M.S.Rama Mohan Rao	500.00
	Whole Time Directors:	
6.	Shri A.Naresh Kumar	18.04
7.	Shri A.S. Rao	46.63
8.	Dr. Shailendra Dasari*	NA
	Key Managerial Personnel:	
9.	Shri K.V.Krishna Rao	0.41

* Remuneration is from the date of appointment of the Director and accordingly is for part of the year. Percentage computation therefore not given as the same is not comparable and ratio is based on part remuneration.

- e) The percentage increase in the median remuneration of employees in the financial year: 13.8%
- f) The number of permanent employees on the rolls of Company: 1651
- g) The explanation on the relationship between average increase in remuneration and Company performance:
The weighted average increase in remuneration of employees across including new joiners is 13.9%. The individual increments varied from 6% to 16% 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 2015-16	3006821	
2.	Revenue	12322446236	
3.	Loss before tax	598060008	
4.	Remuneration of Key Managerial Personnel as % of Revenue		0.02
5.	Remuneration of Key Managerial Personnel as % of profit before tax		negative

- 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	31.03.2016	31.03.2015	% change
1.	Market capitalisation	2453380000	1781500000	37.71
2.	Price Earnings Ratio	-7.14	6.90	-203.48

S.No.	Particulars	31.03.2016	IPO price April 1994	% change
1.	Market price -BSE	48.20	10.00	482.00
2.	Market price -NSE	49.95	10.00	499.50

- 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 including new joiners is 13.9%. 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: 12.08.2016

(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 2015-16, 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 Audit Committee and the Board on 30 th May 2015.
(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: 12.08.2016

(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, 2016

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

I. REGISTRATION AND OTHER DETAILS:		
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: info@sathavahana.com Web: www.sathavahana.com
vi)	Whether listed Company Yes / No	Yes. BSE(526093),NSE(sathaispat)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	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: xlfield@gmail.com web: www.xlsoftech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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	Ductile Iron Pipe -Manufacture	24311	29.31
2	Pig Iron -Manufacture	24101	18.15
3	Metallurgical Coke-Manufacture	19101	13.92
4	Coking Coal - Trading	46610	29.59

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1			NIL		

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

Category code	Category of Share holder	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	
(A)	Shareholding of Promoter and Promoter Group									
(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)									
	Sub-Total (A) (1)	16290090	0	16290090	32.00	16290090	0	16290090	32.00	0.00
(2)	Foreign:									
(a)	Individuals (Non-Resident individuals/Foreign individuals)									
(b)	Bodies Corporate	2520000	0	2520000	4.95	2520000	0	2520000	4.95	0.00
(c)	Institutions									
(d)	Any other (specify)									
	Sub-Total (A) (2)	2520000	0	2520000	4.95	2520000	0	2520000	4.95	0.00
	Total Shareholding of promoter and promoter Group (A) = (A)(1) + (A)(2)	18810090	0	18810090	36.95	18810090	0	18810090	36.95	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds / UTI	0	31700	31700	0.06	0	31700	31700	0.06	0.00
(b)	Financial Institutions / Banks	0	12800	12800	0.03	0	12800	12800	0.03	0.00
(c)	Central Government/State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies									
(f)	Foreign Institutional Investors	9980000	0	9980000	19.60	9980000	0	9980000	19.60	0.00
(g)	Foreign Venture Capital Investors									
(h)	Any other (specify)									
	Sub-Total (B) (1)	9980000	44500	10024500	19.69	9980000	44500	10024500	19.69	0.00
(2)	Non-Institutions									
(a)	Bodies Corporate	1375415	52500	1427915	2.81	1753490	52500	1805990	3.55	0.74
(b)	Individuals									
i.	Individual shareholders holding nominal share capital upto Rs.2 lakh	6585736	2003427	8589163	16.87	6364528	1973627	8338155	16.38	-0.49
ii.	Individual shareholders holding nominal share capital in excess of Rs.2 lakh.	5941630	22200	5963830	11.72	5892672	22200	5914872	11.62	-0.10
(c)	Any other (specify) :									
(c.i)	Trusts	1400	0	1400	0.00	400	0	400	0.00	0.00
(c.ii)	NRIs/OCBs	228703	52300	281003	0.55	282863	52300	335163	0.66	0.11
(c.iii)	Clearing members	102099	0	102099	0.21	94514	0	94514	0.19	-0.02
(c.iv)	Foreign Bodies Corporate	5700000	0	5700000	11.20	5576316	0	5576316	10.96	-0.24
	Sub-Total (B) (2)	19934983	2130427	22065410	43.36	19964783	2100627	22065410	43.36	0.00
	Total Public Shareholding (B) = (B)(1) + (B)(2)	29914983	2174927	32089910	63.05	29944783	2145127	32089910	63.05	0.00
	Total (A) + (B)	48725073	2174927	50900000	100.00	48754873	2145127	50900000	100.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	48725073	2174927	50900000	100.00	48754873	2145127	50900000	100.00	0.00

ii) Shareholding of Promoters:

Sl.No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of 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	% Change in share holding during the year
1.	Shri A. Shivaji Rao	1424000	2.80	0.00	1424000	2.80	2.80	0.00
2.	Smt A. Mutya Bai	4921585	9.67	0.00	4921585	9.67	5.78	0.00
3.	Shri A. Naresh Kumar	2019105	3.97	0.00	2019105	3.97	0.66	0.00
4.	Shri A. Ashok Kumar	3319110	6.52	0.00	3319110	6.52	0.00	0.00
5.	Smt N. Chilakamma	210000	0.41	0.00	210000	0.41	0.00	0.00
6.	Smt Deepa N. Adusumilli	129100	0.25	0.00	129100	0.25	0.00	0.00
7.	Shri P. Ajay Kumar	67190	0.13	0.00	67190	0.13	0.00	0.00
8.	Ganapati Adusumilli Fininvest Private Limited	4200000	8.25	0.00	4200000	8.25	0.00	0.00
9.	Ganapati Holdings Pte Limited	2520000	4.95	0.00	2520000	4.95	0.00	0.00
	Total	18810090	36.95	0.00	18810090	36.95	9.24	0.00

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

Sl. No.	Description	Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of Shares	% of total Share of the Company	No. of Shares	% of total Share of the Company
1.	At the beginning of the year	18810090	36.95	18810090	36.95
2.	Date wise Increase / Decrease in Promoters shareholding 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	01-04-2015	5700000	11.20	5700000	11.20
		Market Sale*	14-08-2015	-200000	-0.39	5500000	10.81
		Market purchase*	30-09-2015	76316	0.15	5576316	10.96
		At the End of the year	31-03-2016	0	0.00	5576316	10.96
2	Antara India Evergreen Fund Limited	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	31-03-2016	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	31-03-2016	0	0.00	4990000	9.80
4	Miten Mehta	At the beginning of the year	01-04-2015	523900	1.03	523900	1.03
		Market purchase*	10-04-2015	18596	0.04	542496	1.07
		Market purchase*	24-04-2015	6008	0.01	548504	1.08
		Market purchase*	08-05-2015	1496	0.00	550000	1.08
		At the End of the year	31-03-2016	0	0.00	550000	1.08
5	Udaipur Cotton Mills Ltd	At the beginning of the year	01-04-2015	360000	0.71	360000	0.71
		Market purchase*	18-12-2015	23240	0.05	383240	0.75
		Market purchase*	31-12-2015	95050	0.19	478290	0.94
		Market purchase*	15-01-2016	11710	0.02	490000	0.96
		At the End of the year	31-03-2016	0	0.00	490000	0.96
6	Sangeeta S	At the beginning of the year	01-04-2015	321099	0.63	321099	0.63
		Market purchase*	01-05-2015	6502	0.01	327601	0.64
		Market purchase*	20-11-2015	1800	0.00	329401	0.65
		Market purchase*	11-12-2015	900	0.00	330301	0.65
		At the End of the year	31-03-2016	0	0.00	330301	0.65
7	Ketan Chandrakanth Shah	At the beginning of the year	01-04-2015	171425	0.34	171425	0.34
		Market purchase*	17-04-2015	207	0.00	171632	0.34
		Market Sale*	01-05-2015	-207	0.00	171425	0.34
		Market Sale*	17-07-2015	-350	0.00	171075	0.34
		Market Sale*	31-07-2015	-550	0.00	170525	0.34
		Market Sale*	07-08-2015	-4400	-0.01	166125	0.33
		Market Purchase*	21-08-2015	800	0.00	166925	0.33
		Market Sale*	15-01-2016	-900	0.00	166025	0.33
		Market Purchase*	05-02-2016	900	0.00	166925	0.33
		Market Purchase*	19-02-2016	1039	0.00	167964	0.33
		At the End of the year	31-03-2016	-1489	0.00	166475	0.33
8	Neville Jiyibhoy Mistry	At the beginning of the year	01-04-2015	160865	0.32	160865	0.32
		increase / decrease*		0	0.00	160865	0.32
		At the End of the year	31-03-2016	0	0.00	160865	0.32
9	Uttam Commercial Ltd	At the beginning of the year	01-04-2016	124800	0.25	124800	0.25
		Market purchase*	15-01-2016	15200	0.03	140000	0.28
		Market purchase*	18-03-2016	7331	0.01	147331	0.29
		Market purchase*	25-03-2016	8669	0.02	156000	0.31
		At the End of the year	31-03-2016	0	0.00	156000	0.31
10	Abdulhuk Samsulhuk Iraki	At the beginning of the year	01-04-2015	153899	0.30	153899	0.30
		increase / decrease*		0	0.00	153899	0.30
		At the End of the year	31-03-2016	0	0.00	153899	0.30
11	Shashi Ashok Dongre#	At the beginning of the year	01-04-2015	191500	0.38	191500	0.38
		Market Sale*	22-05-2015	-26261	-0.05	165239	0.32
		Market Sale*	29-05-2015	-65239	-0.13	100000	0.20
		At the End of the year	31-03-2016	0	0.00	100000	0.20
12	Smita Sachidanand Das#	At the beginning of the year	01-04-2015	260000	0.51	260000	0.51
		Market Sale*	20-11-2016	-26346	-0.05	233654	0.46
		Market Sale*	27-11-2015	-27364	-0.05	206290	0.41
		Market Sale*	04-12-2015	-39176	-0.08	167114	0.33
		Market Sale*	11-12-2015	-17114	-0.03	150000	0.29
		Market Sale*	31-12-2015	-150000	-0.29	0	0.00
		At the End of the year	31-03-2016	0	0.00	0	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):

These shareholders ceased to be top ten shareholders during the year.

(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 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	01-04-2015	2000	0.00	2000	0.00
		Market Sale*	30-09-2015	-2000	0.00	0	0.00
		At the End of the year	31-03-2016	0	0.00	0	0.00
2	Syed Anis Hussain, Independent Director	At the beginning of the year	01-04-2015	1000	0.00	1000	0.00
		increase / decrease*		0	0.00	0	0.00
		At the End of the year	31-03-2016	0	0.00	1000	0.00
3	M.S.Rama Mohan Rao, Independent Director	At the beginning of the year	01-04-2015	500	0.00	500	0.00
		increase / decrease*		0	0.00	0	0.00
		At the End of the year	31-03-2016	0	0.00	500	0.00
4	K.V.Krishna Rao, Key Managerial Personnel	At the beginning of the year	01-04-2015	500	0.00	500	0.00
		increase / decrease*		0	0.00	0	0.00
		At the End of the year	31-03-2016	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

Amount ₹

Description	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
- Addition	900000000	0	0	900000000
- Reduction	1001985136	0	0	1001985136
Net Change	-101985136	0	0	-101985136
Indebtedness at the end of the financial year				
i) Principal Amount	4660646100	0	0	4660646100
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	283724	0	0	283724
Total (i+ii+iii)	4660929824	0	0	4660929824

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 Chairman	A.Naresh Kumar, Managing Director	Shailendra Dasari Executive Director (operations)*	
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3377742	4340000	1844700	9562442
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	260342	136638	235000	631980
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
	Sub Total	3638084	4476638	2079700	10194422
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.	Total (A)	3638084	4476638	2079700	10194422
Ceiling as per the Companies Act 2013					10194422
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.					
*For the period from 01.10.2015 to 31.03.2016					

B. Remuneration to other directors:

Amount ₹

Sl. No.	Particulars of Remuneration	Fee for board / Committee meetings	Commission attending	Others specify	Total please
1.	Independent Directors :				
	Shri K. Thanu Pillai	114000	0	0	114000
	Shri Syed Anis Hussain	204000	0	0	204000
	Shri S.N. Rao	82000	0	0	82000
	Smt Y. Pameela Rani	104000	0	0	104000
	Shri M.S.Rama Mohan Rao	72000	0	0	72000
	Total (1)	576000	0	0	576000
2.	Other Non-Executive Director	0	0	0	0
	Total (2)	0	0	0	0
	Total B=(1+2)	576000	0	0	576000
Ceiling as per the Companies Act 2013					576000

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	2881200	2881200
	(b) Value of perquisites u/s 17(2) of the Income-Tax Act, 1961	125621	125621
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	0	0
	Sub total	3006821	3006821
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 (A)	3006821	3006821
Ceiling as per companies Act 2013			3006821

VII. Penalties/Punishment/Compounding of offences:

Type	Section of the Companies Act	Brief description	Details of penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT)	Appeal made, if any (give details)
A. Company					
Penalty		There were no such cases during the year			
Punishment					
Compounding					
B. Directors					
Penalty		There were no such cases during the year			
Punishment					
Compounding					
C. Other Officers in Default					
Penalty		There were no such cases during the year			
Punishment					
Compounding					

for and on behalf of the Board

Place: Hyderabad

Date: 12.08.2016

(K. Thanu Pillai)

Chairman

(DIN:00115814)

ANNEXURE-V TO DIRECTORS' REPORT**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2016**

[Pursuant to Section 204(1) of the Companies Act 2013 and Rule No.9 of the Companies (Appointment and Remuneration 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 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (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 & 2015 ;
 - 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)

- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- (vi) Other Laws specifically applicable to the company include:
 - i. Electricity Act, 2003
 - ii. The Karnataka Electricity (Taxation on Consumption) Act, 1959
 - iii. The Boilers Act, 1923
 - iv. The Contract Labour (Regulation And Abolition) Act, 1970
 - v. Mines and Minerals (Development and Regulations) Act, 1957
 - vi. The Bureau of Indian Standards Act, 1986
 - vii. Andhra Pradesh Electricity Duty Act, 1939
 - viii. The Karnataka Forest Act, 1963

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (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 at least seven days in advance to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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: 12.08.2016

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: 12.08.2016

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 eight Directors of which three are Executive and five are Non-executive Directors and among these two are Promoter Directors and six are Independent Directors including one small Shareholder Director. The Independent Directors constitute 62.50% of the Board's strength. Again Non-executive Directors constitute 62.5% of the board's strength. The Chairman of the Board is Non-executive, Independent Director.

• Composition and category of Directors is as follows:

Category	Name of the Director
I. Executive Directors	1. Shri A.S.Rao
a) Promoters	2. Shri A.Naresh Kumar
b) Non-promoter	1. Dr.Shailendra Dasari
II. Non-executive Directors	1. Shri K. Thanu Pillai
a) Independent Directors	2. Shri Syed Anis Hussain
	3. Shri S.N.Rao
	4. Smt. Y Pameela 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 Regulation 16 (1)(b) of the Listing Regulations. All the Independent Directors have confirmed that they meet the criteria as provided in Section 149 of the Companies Act 2013 and Regulation 16(1)(b) of the Listing Regulations as amended. 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	3	No
Smt Y.Pameela Rani	5	5	Yes
Shri M.S.Rama Mohan Rao	5	3	No
Shri A.Naresh Kumar	5	5	Yes
Dr. Shailendra Dasari*	2	2	Not Applicable

* Appointed as Director at the 26th Annual General Meeting w.e.f 01.10.2015.

• 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	2	2
Shri A.S.Rao	3	None	None	None
Shri Syed Anis Hussain	3	None	None	None
Shri S.N.Rao	2	None	None	None
Smt Y.Pameela Rani	2	None	2	None
Shri M.S.Rama Mohan Rao	1	None	None	None
Shri A.Naresh Kumar	4	None	None	None
Dr. Shailendra Dasari	None	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.

Shri A.S.Rao, Executive Vice Chairman and Shri A. Naresh Kumar, Managing Director are related to

each other. Save and except the above none of the other Directors on the Board or their respective relatives are not related to each other. None of the Independent Non-Executive Directors has any pecuniary relationship or transactions with the Company, its promoters or its senior management which in the judgement of Board may affect the independence of the Director except receiving sitting fees for attending Board/Committee meetings.

- 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: 30th May 2015; 14th August 2015; 30th September 2015; 14th November 2015; and 12th February 2016. The maximum interval between any two meetings was not more than four calendar months. The Independent Directors have met one time on 25th March 2016 for familiarisation programme and evaluation of performance of Directors.

- Board meetings Process:

The Agenda for the board meetings is circulated in advance which will contain the information and notes as required to be presented under the Companies Act 2013 and Listing Agreements/ Listing Regulations 2015. Further information and clarifications sought for on the agenda items are provided before the meeting. Those items that could not be included in the agenda are tabled at the meetings. The Board exercises its powers subject to the provisions of the Companies Act 2013, Memorandum and Articles of Association of the Company, Listing requirements/Regulations and other applicable statutory provisions. The Board considers and reviews the agenda items while taking note of the action taken by the Company/management and authorising the Company/management by way of resolutions wherever required.

- Reappointment of Directors at the 27th Annual General Meeting:

Shri A.S.Rao in terms of appointment at the 26th Annual General Meeting held on 30.09.2015 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 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.

- **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 Regulation 16(1)(b) of the Listing Regulations. 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 Regulation 17 of the Listing Regulations 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 25th March 2016 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 Regulations 25 (3) & (4) of the Listing Regulations. 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 Board of Directors comprises Shri K. Thanu Pillai, Shri Syed Anis Hussain, Shri S.N.Rao, Smt Y. Pameela 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 Regulation 18 of the Listing Regulations.

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

Regulation 18 of the Listing Regulations 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 dates on which these meetings held were: 30th May 2015; 14th August 2015; 14th November 2015; and 12th February 2016. 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; Smt Y.Pameela Rani 4/4 and Shri M.S.Rama Mohan Rao 3/4. The necessary quorum was present at all the meetings. At the last Annual General Meeting held on 30.09.2015, Shri K. Thanu Pillai, Chairperson of the Committee was present.

4. NOMINATION AND REMUNERATION COMMITTEE:

Nomination and Remuneration Committee 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 on 30th May 2015 and 14th August 2015 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 2/2.

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 to and the same 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 16 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 which then delegated to Managing Director. 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	3377742	260342	0	3638084
2. Shri A. Naresh Kumar Managing Director	4340000	136638	0	4476638
3. Dr. Shailendra Dasari Executive Director (Operations)*	1844700	235000	0	2079700
Total	9562442	631980	0	10194422

* For the period from 01.10.2015 to 31.03.2016

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	42000	114000	0
2. Shri Syed Anis Hussain, Director	72000	132000	204000	1000
3. Shri S.N.Rao, Director	48000	34000	82000	0
4. Smt Prameela Rani, Director	72000	32000	104000	0
5. Shri M.S.Rama Mohan Rao, Director	48000	24000	72000	500
Total	312000	264000	576000	1500

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

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 including 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 30 times. The necessary quorum was present in all the meetings.

During the year under review, Company received a total number of 12 shareholders' complaints. All these complaints were redressed / replied to the satisfaction of the shareholders and no complaints were outstanding as on 31st March 2016.

Share transfers in dematerialisation mode pending on 31st March 2016 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 29th 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 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 2015-16 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 Business Conduct and 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 2015-16 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 in accordance with Regulation 17(8) of Listing Regulations 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 2015-16 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 that the said financial statements are compliant of the criteria set out in Part B to Schedule II of the Listing Regulations.

8. GENERAL BODY MEETINGS:

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

Year	Type of meeting	Venue	Date	Time
2012-13	AGM	Sri Sagi Rama Krishnam Raju Community Hall, Madhuranagar, Hyderabad-500 038	30.09.2013	3.00PM
2013-14	AGM	Same as above	30.09.2014	3.00PM
2014-15	AGM	Same as above	30.09.2015	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.

The following Resolutions were passed with requisite majority as Special Resolutions at the respective Annual General Meetings:

26th Annual General Meeting:

- Re-appointment of Shri A.S.Rao as Executive Vice Chairman;
- Appointment of Dr. Shailendra Dasari as Executive Director (Operations).

25th Annual General Meeting:

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

No Special Resolutions were passed at the 24th Annual General Meeting held on 30.09.2013.

9. DISCLOSURES:

- 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

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.

b) Corporate Social Responsibility:

The Company has constituted Corporate Social Responsibility Committee (in short "CSR Committee") to discharge Corporate Social Responsibility as provided in Section 135 of the Companies Act 2013 and the Listing Regulations. 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 Regulations 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 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. The Whistle Blower Mechanism details are also provided on Company's website www.sathavahana.com in investors' column.

d) Nirbhaya Committee:

The Company has constituted a Committee by name "Nirbhaya Committee" as required under the provisions of Companies Act 2013 and the Listing Regulations 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 Listing Regulations:

The Company hereby declare that the Company has complied with all the mandatory requirements of clause 49 of the Listing Agreements and Listing Regulations as amended. Non-mandatory requirements of clause 49 of the Listing Agreements and / or Listing Regulations 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

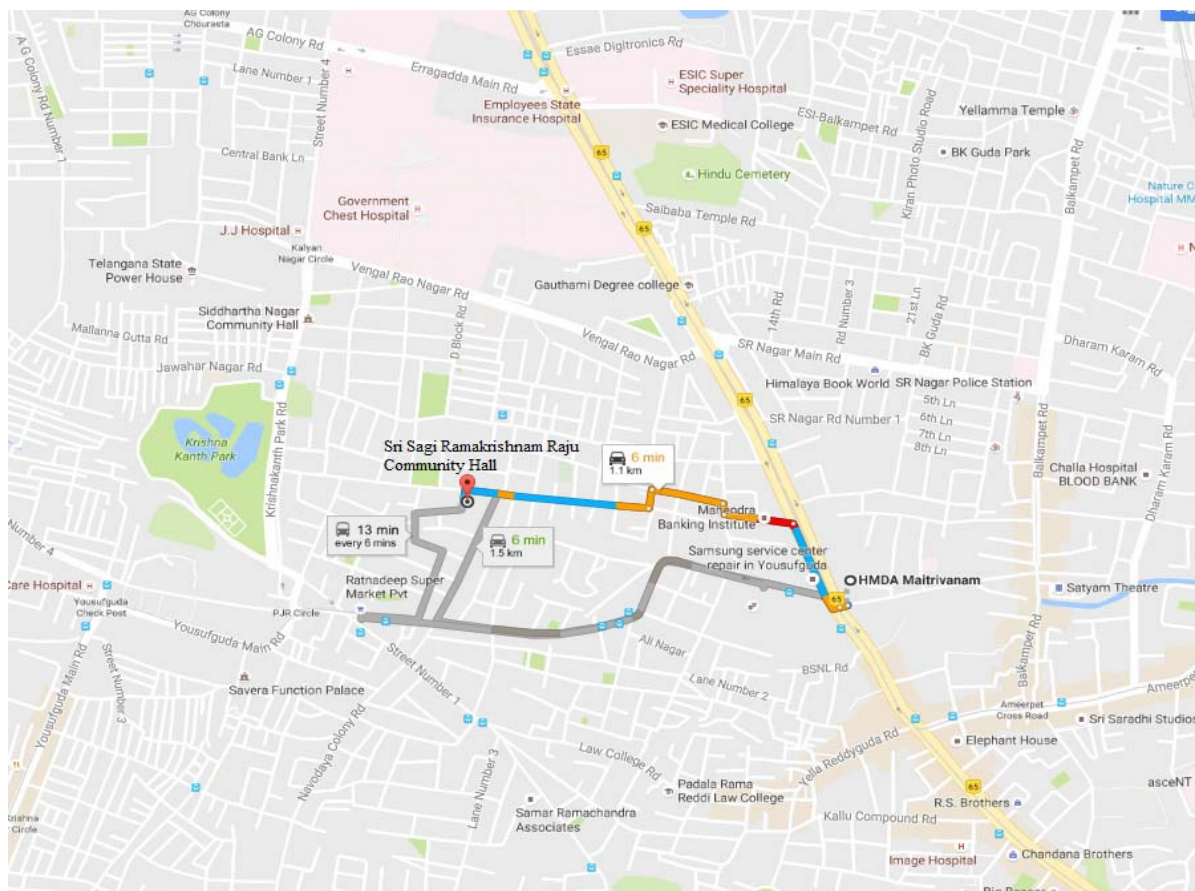
made available on the websites of Stock Exchanges where the shares of the Company are listed and also on Stock Exchanges sponsored website www.corpfilings.co.in. The financial results and annual reports would also be made available on Company's website www.sathavahana.com in the investor's column.

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 | : 27 th Annual General Meeting |
| Day and Date | : Friday, the 30 th September 2016 |
| 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 2016.
2. Half yearly : First fortnight of November 2016.
3. Third quarter : First fortnight of February 2017.

ii) Audited Financial Results: Last week of May 2017.

c) Date of book closure:

- i) Physical mode : 16.09.2016 to 30.09.2016
both days inclusive.
- ii) Electronic mode : 15.09.2016
- iii) Cut off Date / : 15.09.2016
Record date

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

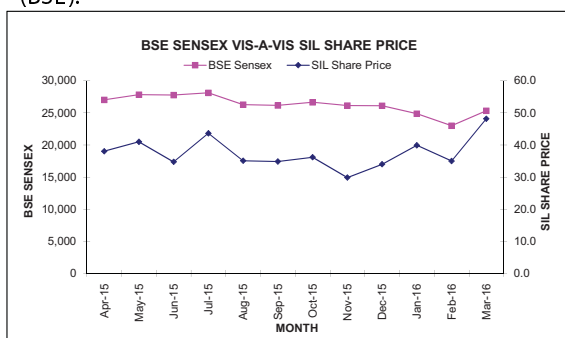
Name of the Stock exchange	Stock code
BSE Limited	526093
National Stock Exchange of India Limited	SATHAISPAT
ISIN Code for electronic trading and dematerialisation in NSDL / CDSL	INE 176C01016

The fee to the above Stock Exchanges has been paid upto financial year 2016-17.

e) Market price data: high/low price on BSE during each month in last financial year 2015-16.

Month	High	Low	Month	High	Low
April	43.50	34.60	October	40.00	32.35
May	42.00	37.00	November	39.90	29.00
June	39.00	32.00	December	34.40	27.50
July	44.75	33.80	January	48.50	32.30
August	52.10	33.30	February	40.00	28.20
September	36.00	32.00	March	51.40	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 1st 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 31st March 2016:

No. of shares		No. of Shareholders		Shareholding	
From	To	Nos.	% to total	Nos.	% to total
1	500	13087	82.65	2747335	5.40
501	1000	1383	8.73	1223671	2.40
1001	2000	527	3.32	840306	1.65
2001	3000	207	1.31	542704	1.07
3001	4000	90	0.57	331908	0.65
4001	5000	123	0.78	580307	1.14
5001	10000	179	1.13	1302572	2.56
10001 and above		239	1.51	43331197	85.13
Total		15835	100.00	50900000	100.00

The shareholding pattern as on 31st March 2016:

S.No.	Category of shareholder	Number of share holders	Total Number of shares	Total shareholding as a percentage of total number of shares
A.	Shareholding of Promoter and Promoter Group			
A.1	Indian	8	16290090	32.00
A.2	Foreign	1	2520000	4.95
B.	Public Shareholding			
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	188	1805990	3.55
	Individuals	15367	14253027	28.00
	Trust	1	400	0.00
	Non Resident Indians	180	335163	0.66
	Clearing Members	75	94514	0.19
	Foreign Bodies Corporate	1	5576316	10.96
	Grand Total	15835	50900000	100.00

Top ten Equity Shareholders of the Company as on March 31, 2016:

S. No.	Name of the Shareholder	Number of Equity Shares held	Percentage of holding
1	Stemcor AG, Switzerland	5576316	10.96
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 48754873 shares constituting 95.79% of paid-up share capital have been converted into fungible form upto 31st March 2016. 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, 2016. 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:	Registered Office:
Sathavahana Ispat Limited, 505, 5 th Floor, Block -1, Divyashakti Complex, Ameerpet, HYDERABAD – 500 016 Telangana State	Sathavahana Ispat Limited, 314, Sri Rama Krishna 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 and / or Listing Regulations 2015 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: 12.08.2016

(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 and 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. The company is into Pig Iron manufacture since inception. A major portion of Pig Iron manufactured is captively consumed in the manufacture of Ductile Iron Pipes.

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. 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 2015-16. 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 2015-16 is at 9.688 million tons as against 9.694 million tons in the previous year, registering a muted growth. Adverse economic conditions, Supply side issues and volatile prices

of steel 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 is also operating a Co-generation Power plant where the surplus Power after meeting the captive needs is being sold to third parties. The Company is operating this facility for over eight years now. A major portion of the Metallurgical Coke manufactured is captively consumed in the manufacture of Pig Iron.

The Company during the year under review has entered into manufacture of Ductile Iron Pipes which are mainly used for water transportation and sewerage works that 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 to improve over a period.

GLOBAL SCENARIO:

The year under review saw the global Iron and Steel industry recording a decelerating growth after reporting a steady growth for more than a decade. The economic growth across globe remained evasive with subdued investment and industrial production growth resulting in weak trade and sentiment. In consequence the commodity prices have fallen; demand took a beating, resulting in lower utilisation of capacities. The performance of the industry suffered heavily pushing the financial health of the steel producers into pink. Amid these concerns the global steel production declined from 1.65 billion tons in 2014 to 1.60 billion tons in 2015, registering negative growth of 3.03%. Despite these headwinds Asia continues to be predominant player in the sector recording 66.79% of production in the region. Although the production and consumption of steel is decelerating over last two years in China, yet the

country remained the largest producer of Steel when it achieved a production of 803.8 million tons accounting for 50.2% of world production and 75.2% of Asian production. Japan, India and South Korea together account for 16.5% of global Steel production and 24.1% of the Asian Steel production. In line with the stagnated growth in the Steel production, the global Pig Iron production too declined from 1.186 billion tons in 2014 to 1.153 billion tons in 2015. As a result of these factors during the year the performance of the Iron and Steel industry across all regions has slowed down.

INDIAN SCENARIO:

The Indian Steel industry during the year 2015-16 in line with global trends reported a muted growth of 0.4% when it reported provisional basis crude steel production of Steel at 89.32 million tons as against 88.98 million tons in financial year 2014-15. However during the year India pushed itself into third position in the ranking of leading producers and consumers of Steel both in Asia and the world. During the year India remained net importer of finished Steel with widening trade gap when the imports were at 11.208 MT and the exports at 3.806 MT where the imports increased by 20.2% and the exports declined by 32.0% as compared to the last year. The year saw a net Steel consumption of 80.27 million tons as against 76.99 million tons in the year before. In line with the muted Steel growth, the Pig Iron sector reported a negative growth of 0.1% where the production for sale has come down from 9.694 million tons to 9.688 million tons. Factors like falling commodity prices, cheaper imports, volatile foreign exchange fluctuations, subdued market conditions and high interest rates have significant adverse impact on the Iron and Steel industry affecting the financial health of most of the players in the industry.

PRICETRENDS:

The year witnessed further sharp decline in prices of finished Iron and Steel prices as well as prices of steel raw materials on the back of weakening steel demand and sluggish economic conditions. The trend line of finished goods prices declined at a much faster rate than the trend line of prices of steel raw materials and trend was only falling throughout the year. This exerted lot of pressure

on the margins. The prime Coking Coal prices declined from about US\$110/MT F.O.B Australia to about US\$100/MT towards year end. The Iron Ore prices too have seen southward trend where the prices have fallen from ₹3000/MT in the beginning of the year to about ₹2100/MT towards year end. The finished Steel prices have fallen from high of ₹40000/MT to about ₹32000/MT towards year end. The Metallurgical Coke prices ex works that were ruling at ₹19500/MT have moderated to about ₹12500/MT in the later part of the year. The steel grade Pig Iron prices too have come down from ₹21500/MT to about ₹17500/MT. The prices of Ductile Iron Pipes too declined from ₹48000/MT at the start of the year to ₹41000/MT towards year end. The declining price trends with uneven falls in finished goods prices vis-à-vis steel raw material prices have adversely impacted the performance of the 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 backward integration. The Company has also set up Sinter Plant as a backward integration and Ductile Iron Pipe plant as forward integration at its Pig Iron making plant.
- 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 and commodity markets. 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 and Ductile Iron Pipes as one segment called Ferrous Products 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 196019 MTs as against 167095 MTs in the previous year. The actual sales in volume terms were 199214 MTs as against 170530 MTs in the previous year (including 91412 MTs captive consumption in the manufacture of Ductile Iron Pipes in the current year and 30998 MTs used in trial production of Ductile Iron Pipes in the previous year). The Company's market share in Pig Iron constitutes about 2.02% of the domestic consumption. The company produced 96173 MTs of Ductile Iron Pipes and sold 88230 MTs during the year being its first year of commercial operations. The Company produced 263521 MTs of Metallurgical Coke, as against 333822 MTs in the year before which was curtailed due to subdued markets. Out of the total production, 159478 MTs was captively consumed as against 139287 MTs in the previous year. The Company sold 117480 MTs of Metallurgical Coke as against 203390 MTs in the last year in the nearby markets. The Co-generation Power plant at Kudithini generated 262760184 KWH of Power as against 283189335 KWH in the year before, of which 224463000 KWH, previous year 245166000 KWH was sold and 38687184 KWH (previous year 39238335 KWH) were captively consumed (including Power Plant auxiliary load) that includes Power import of 390000 KWH (previous year 1215000 KWH). The gross sales revenues of products and services in value terms were ₹12322446236/- as compared to ₹10558535415/- in the last year.

4. OUTLOOK:

The short to medium term outlook for the global Iron and Steel industry continues to be bearish but the long term outlook appears to be positive since the world economies are expected to improve in the near future. The weakening global demand, fall in commodity prices, correction in Chinese demand and deteriorating economic conditions coupled with geo political tensions in most parts of the globe would have an adverse bearing in the short to medium outlook for the Iron and Steel industry. However in the long term the outlook appears to be positive as western economies are expected to improve over the period. The Indian Iron and Steel Industry is exhibiting some resilience to the global trends on the back of government initiatives like make in India, planned greater public spending etc. However factors like cheaper imports, adverse exchange fluctuations, high

interest costs and volatile price trends are impacting the performance of industry very severely. Your company is geared up to meet these challenges as it now stands on a better footing with a value chain under its belt.

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 2015-16		FY 2014-15		Growth/reduction%	
	Quantity	Value Rs.Cr	Quantity	Value Rs.Cr	Quantity	Value
Pig Iron						
Production (mt)	196019		167095		17.31	
Captive use(mt)	91412		0		100.00	
Sales(mt)*	107802	223.63	170530	469.27	(36.78)	(52.35)
Ductile Iron Pipes(mt)						
Production(mt)	96173		0		100.00	
Captive use(mt)	2168		0		100.00	
Sales(mt)	88230	361.19	0	0	100.00	100.00
Metallurgical Coke						
Production(mt)	263521		333822		(21.06)	
Captive use(mt)	159478		139287		14.50	
Sales(mt)	117480	171.56	203390	341.36	(42.24)	(49.74)
Power						
Generation(mu)	262.76		283.19		(7.21)	
Captive use (mu)	38.69		39.24		(1.40)	
Sales(mu)	224.46	109.79	245.17	122.78	(8.45)	(10.58)
Trading and others		366.08		122.44		198.99
Gross Sales		1232.25		1055.85		16.71
Less:Excise Duty		51.94		76.24		(31.87)
Net Sales		1180.31		979.61		20.49

* includes FY2016 Nil FY2015 30998 MTs valued ₹72.28 crores used in DI Pipe trial production

The operational performance during the year has improved due to improved volumes of Pig Iron and Ductile Iron Pipes facility becoming operational. The operational performance during the year was impacted due to lower capacity utilization of Ductile Iron Pipe making plant which in turn was on account of issues in process stabilization which is normal in the initial stages of the industry; subdued market conditions; adverse foreign exchange fluctuations and falling commodity prices in particular Iron and Steel prices. The production volume of Pig Iron at 196019 MTs as compared with 167095 MTs in the year before was higher by 17.31%. Consequently the Pig Iron sales were also higher at 199214 MTs (including 91412 MTs used in production of Ductile Iron Pipes) as against 170530 MTs in the year before (including 30998 MTs used in trial production of Ductile Iron Pipe making) mainly due to volume push. In its first year of commercial operations, the company produced 96173 MTs of Ductile Iron Pipes. Metallurgical Coke production was at 263521 MTs as against 333822 MTs in the previous year which was constrained due to subdued markets. Metallurgical Coke sales volume was at 117480 MTs in the current year as against 203390 MTs in the last year mainly due to increase in captive use which has gone up from 139287 MTs in the year before to 159478 MTs in the current year. The Co-generation Power plant at Kudithini generated 262760184 KWH as against 283189335 KWH the year before and sold 224463000 KWH as against 245166000 KWH in the previous year, while consuming the balance units on auxiliary loads and captive use. In value terms the gross revenue improved to ₹12322446236/- as compared to ₹10558535415/- in the year before, which is higher by 16.71%. In consequence the net sales also improved by 20.49% up from previous year's level of ₹9796111776/- to ₹11803081086/-. The average sales realisation on Pig Iron during the year under review works out to ₹20744/MT as against ₹27518/MT during the last year. The price on sale Ductile Iron Pipes was at ₹40937/MT. The average sales realisation on sale of surplus Metallurgical Coke was at ₹14603/MT as compared to ₹16783/MT in the previous year. The average sales realisation on power sold was at ₹4.89/KWH as against ₹5.01/KWH in the last year. The average cost of Iron Ore and Iron Ore fines consumed was at ₹2685/MT as compared with ₹4440/MT in the last year. The average cost of Coking Coal consumed was at ₹8649/MT as against ₹9502/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 were under pressure.

On the financial performance front the operating profit before finance costs and depreciation and amortisation was at ₹904712415/- as against operating profit of ₹1019215721/- in the last year. Consequently the year ended with loss before tax of ₹598060008/- as compared with a profit before tax of ₹280754989/- and Net Loss after tax of ₹343489620/- as against Net Profit after tax of ₹258313482/- in the year before. The performance during the year in line with operational performance impacted due to lower capacity utilization of Ductile Iron Pipe making plant which in turn was on account of issues in process stabilization which is normal in the initial stages of the industry; subdued market conditions; adverse foreign exchange fluctuations and falling commodity prices in particular Iron and Steel prices. The performance during the year includes performance from Ductile Iron Pipe Plant, Sinter Plant, and captive thermal Power Plant of integrated project and accordingly the current year figures are not comparable with the previous year. During the year in the absence of virtual certainty, Deferred Tax Asset on account of unabsorbed depreciation and business loss has been recognized to the extent it can be realised against reversal of Deferred Tax Liability of ₹254570388/-.

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 1651 persons excluding working Directors as on 31st March 2016.

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 ("the Company"), for the year ended 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

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 / Listing regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

HYDERABAD
12.08.2016

N. Anka RAO
Partner
Membership Number: 23939

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 31st March, 2016, 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. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("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" 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 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and

Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No.27 (II) (3) 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 31st March, 2016;
- 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 31st March, 2016.

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

HYDERABAD
30.05.2016

N. ANKA RAO
Partner
Membership Number : 23939

Annexure A 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.
(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. The inventories of the company have been physically verified at the year end by the Management except stocks lying with others which have been verified with reference to confirmations, certificates and other relevant documents where available. 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, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ("the Act"). Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the Order are not applicable to the Company.
4. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the Order are not applicable to the Company.
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, 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 31.03.2016 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 service tax, value added tax and cess which have not been deposited on account of any dispute as on 31.03.2016 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, Hyderabad.
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.
5.	Central Excise Act, 1944	Excise duty and penalty	September, 2011 to May, 2015	66,80,087	The Commissioner (Vizag Appeal-II), Guntur.

8. Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed in repayment of principal and interest to Canara Bank Rs. 52,40,32,777/-, State Bank of Hyderabad Rs. 44,42,39,407/- and Andhra Bank Rs. 38,24,95,628/- during the year aggregating to Rs. 135,07,67,812/- 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.
9. The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). 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.
10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
13. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
15. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to 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
30.05.2016

Annexure B to Independent Auditor's Report

Referred to in Paragraph 2(f) under the heading of 'Report on Other Legal and Regulatory Requirements' of our report of even date

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **SATHAVAHANA ISPAT LIMITED** ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are

being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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

**HYDERABAD
30.05.2016**

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

BALANCE SHEET AS AT 31ST MARCH 2016

		(Amount in ₹)	
Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholder's funds:			
(a) Share Capital	1	509000000	509000000
(b) Reserves and surplus	2	1176095279	1519584899
Sub total		1685095279	2028584899
(2) Non-current liabilities:			
(a) Long-term borrowings	3	3684055280	3610332824
(b) Deferred tax liabilities (net)	4	0	254570388
(c) Long-term provisions	5	21819250	17942979
Sub total		3705874530	3882846191
(3) Current liabilities:			
(a) Short-term borrowings	6	2122710070	2634662515
(b) Trade payables:	7		
i. Total outstanding dues of micro enterprises and small enterprises		0	0
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises		4477157403	3001093478
(c) Other current liabilities	8	1321184461	2303971601
(d) Short-term provisions	9	30320265	25759509
Sub total		7951372199	7965487103
TOTAL		13342342008	13876918193
II. ASSETS			
(1) Non-current assets:			
(a) Fixed Assets:			
(i) Tangible assets	10	8110047479	3278635351
(ii) Intangible assets	10	209140	221934
Sub total		8110256619	3278857285
(iii) Capital work-in-progress	10	261394418	4463280860
(iv) Expenditure during construction period pending capitalisation	11	0	855014398
Sub total		8371651037	8597152543
(b) Non-current investments	12	6246722	6263338
(c) Long-term loans and advances	13	109710800	111929884
(d) Other non-current assets	14	33256244	31025173
Sub total		8520864803	8746370938
(2) Current Assets:			
(a) Inventories	15	1677924052	2183864101
(b) Trade Receivables	16	1890961060	1612018597
(c) Cash and bank balances	17	824803449	794824951
(d) Short-term loans and advances	18	404426431	506462703
(e) Other current assets	19	23362213	33376903
Sub total		4821477205	5130547255
TOTAL		13342342008	13876918193

Summary of Significant Accounting Policies and Other Explanatory Information 27

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

N. Anka Rao
Partner
Membership Number: 23939

K.Thanu Pillai
Chairman

A.S.Rao
Executive Vice Chairman

Hyderabad
Dated: 30.05.2016

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

A.Naresh Kumar
Managing Director

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

(Amount in ₹)			
Particulars	Note No.	For the Year ended 31st March 2016	For the Year ended 31st March 2015
REVENUE:			
I. Revenue from operations			
(a) Sale of products		8665136489	9334670407
(b) Sale of traded goods		3646734947	1223851554
(c) Other operating income	20	10574800	13454
		12322446236	10558535415
(d) Less: Excise Duty		519365150	762423639
		11803081086	9796111776
II. Other Income	21	90862164	70053077
III. Total Revenue (I+II)		11893943250	9866164853
IV. EXPENSES:			
(a) Cost of raw materials consumed	22	5617006244	6318945786
(b) Purchases of stock-in-trade		3525003651	1184687221
(c) Changes in inventories of finished goods, work-in-progress and scrap	23	94399155	340828946
(d) Employee benefits expense	24	400502279	220192290
(e) Finance costs	25	1042964018	493381950
(f) Depreciation and amortisation expense	10	459808405	245078782
(g) Other expenses	26	1352319506	782294889
Total expenses		12492003258	9585409864
V. Profit / (Loss) before tax (III-IV)		(598060008)	280754989
VI. Tax Expense:			
Deferred tax	27(II)(14)	(254570388)	22441507
Total Tax expense		(254570388)	22441507
VII. Profit / (Loss) after tax (V-VI)		(343489620)	258313482
VIII. Earnings / (Loss) per equity share:	27(II)(13)		
(Face value ₹10/- per share)			
(a) Basic		(6.75)	5.07
(b) Diluted		(6.75)	5.07

Summary of Significant Accounting Policies and Other Explanatory Information

27

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

Dated: 30.05.2016

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

 K.Thanu Pillai
Chairman

 A.S.Rao
Executive Vice Chairman

 A.Naresh Kumar
Managing Director

For and on behalf of the Board of Directors

CASH FLOW STATEMENT

Particulars	(Amount in ₹)	
	Year ended 31st March 2016	Year ended 31st March 2015
A. CASH FLOW / (USED) FROM OPERATING ACTIVITIES:		
Net profit / (loss) before tax and extraordinary items	(598060008)	280754989
Adjustments for :		
Depreciation and amortisation expense	459808405	245078782
Interest expense	836937292	376653116
Interest income	(63162386)	(46417058)
Dividend income from long-term non-trade investments	(47540)	(5198)
Unrealised foreign exchange loss	205789179	166183778
Provision for diminution in the value of long term investments written back	0	(60032)
Profit on sale of Investments	0	(88782)
Profit on sale of Fixed Asset (net)	0	(28226)
Provision for doubtful debts no longer required written back	0	(3695562)
Provision for doubtful advances no longer required written back	0	(5750000)
Provision for doubtful advances	0	(25000000)
Provision for liabilities no longer required written back	(28762)	0
Provision for diminution in the value of long term investments	16616	0
Bad debts written off	1138742	5244368
Operating profit before working capital changes	842391538	992870175
Add / (less) Adjustments for working capital changes:		
(Increase) / decrease in trade receivables	(280081205)	121793000
(Increase) / Decrease in inventories	505940049	(283247388)
(Increase) / Decrease in Long term Loans and Advances	(3665983)	82634872
(Increase) / Decrease in Other non current assets	(2231071)	651729
Decrease in Short term Loans and Advances	102036272	2856786
Increase in Trade Payables	1311904428	258377876
Increase / (Decrease) in Other Current Liabilities	(125198365)	141815630
Increase in Short Term Provisions	4560756	3701796
(Decrease) in Other Long term Liabilities	0	(19178999)
Increase in Long term Provisions	3876271	4692457
Cash generated from operations	2359532690	1306967934
Taxes Paid (net)	(9069131)	23007490
Net cash flow / (used) from operating activities	2350463559	1329975424
B. CASH FLOW / (USED) FROM INVESTING ACTIVITIES:		
Purchase of fixed assets including capital work in progress	(891265862)	(1345632301)
Proceeds from sale of Fixed assets	0	5434547
Purchase of current investments	0	(4088682)
Proceeds from sale of current investments	0	188782
Investment in bank deposits (original maturities of more than three months) (net)	(38187367)	530021697
Interest received	64986730	66133613
Dividend income from long-term non-trade investments	47540	5198
Net cash flow / (used) in investing activities	(864418959)	(747937146)

(continued)

CASH FLOW STATEMENT (Contd...)

Particulars	(Amount in ₹)	
	Year ended 31st March 2016	Year ended 31st March 2015
C. CASH FLOW / (USED) FROM FINANCING ACTIVITIES:		
Proceeds from long-term borrowings	900000000	1732216333
Repayment of long-term borrowings	(1002088875)	(1217501737)
Proceeds from / (Repayment of) short-term borrowings (net)	(553582127)	(1674794121)
Interest Paid	(836833553)	(378408721)
Net cash flow / (used) from financing activities	(1492504555)	(1538488246)
Net increase / (decrease) in cash and cash equivalents	(6459955)	(956449968)
Cash and cash equivalents at the beginning of the year	30754269	987204237
Cash and cash equivalents at the end of the year	24294314	30754269

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 27) 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
Dated: 30.05.2016

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 2016	As at 31st March 2015
1. SHARE CAPITAL:			
(a) Authorised: 60000000 (previous year 60000000) Equity Shares of ₹10/- each	₹	600000000	600000000
(b) Issued: 50900000 (previous year 50900000) Equity Shares of ₹10/- each	₹	509000000	509000000
(c) Subscribed and paid up: 50900000 (previous year 50900000) Equity Shares of ₹10/- each fully paid up	₹	509000000	509000000
(d) Reconciliation of the number of Equity Shares outstanding is set out below:			
Equity Shares outstanding at the beginning of the year:	Nos.	50900000	50900000
	₹	509000000	509000000
Add : Equity Shares issued during the year	Nos.	0	0
	₹	0	0
Equity Shares outstanding at the end of the year	Nos.	50900000	50900000
	₹	509000000	509000000
(e) The details of Shareholders holding more than 5% Equity Shares:			
(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	5576316	5700000
	%	10.96	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) Terms / rights attached to Equity Shares			
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.			
2. RESERVES AND SURPLUS:			
(a) Capital Reserve:			
Forfeited amount on reissued shares	₹	63000	63000
State Investment Subsidy	₹	2000000	2000000
	₹	2063000	2063000
(b) Securities Premium Account:			
Amount at the beginning of the year	₹	930000000	930000000
Amount at the end of the year	₹	930000000	930000000
(c) General Reserve:			
Amount at the beginning of the year	₹	1000000000	1000000000
Amount at the end of the year	₹	1000000000	1000000000
(d) Balance in Statement of Profit and Loss (surplus / (deficit):			
Profit / (loss) brought forward from last year	₹	(412478101)	(654592443)
Add / Less: Profit / (loss) as per Statement of Profit and Loss	₹	(343489620)	258313482
Total available for allocations and appropriations	₹	(755967721)	(396278961)
Less: Depreciation on fixed assets due to revision in estimated useful lives	₹	0	(16199140)
(net of Deferred Tax of ₹7243899/- in the previous year)			
Amount available for allocations and appropriations	₹	(755967721)	(412478101)
Loss carried forward to next year	₹	(755967721)	(412478101)
	₹	1176095279	1519584899

NOTES TO BALANCE SHEET

		As at 31st March 2016	As at 31st March 2015
NON-CURRENT LIABILITIES :			
3 LONG-TERM BORROWINGS:			
Term Loans:			
i. From Banks (Secured)	₹	3742761756	4735353366
ii. From IFCI Limited (Secured)	₹	900000000	0
	₹	4642761756	4735353366
Less: Current maturities of long term debt	₹	(967421250)	(1142544888)
Other Loans:	₹	3675340506	3592808478
iii. From Banks and Other party (Secured)	₹	17884344	27381609
Less: Current maturities of long term debt	₹	(9169570)	(9857263)
	₹	8714774	17524346
	₹	3684055280	3610332824

- 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 13.75% p.a. Borrowing from IFCI Limited is secured by first mortgage and charge on immovable properties including movable assets, both present and future, ranking pari passu with the existing lenders and guaranteed by one Director of the Company and further secured by pledge of twenty five percent of equity shares held by the promoters in the company. The borrowing from IFCI Limited is repayable in sixteen equated quarterly installments after a moratorium period of one year from the date of first disbursement with interest payable on monthly rests.

The period of maturity with reference to six term Loan Borrowings from Balance Sheet date are: (a) Loan 2 comprises four quarterly installments of ₹32625000/- each; five quarterly installments of ₹7875000/- each and one installment of ₹7871789/- and (b) Loan 3 comprises eight quarterly installments of ₹12550000/- each and one installment of ₹10955373/- (c) Loan 4 comprises one quarterly installments of ₹26250000/- (d) Loan 5 comprises twenty two quarterly installments of ₹85625000/- and one installment of ₹88538343/- (e) Loan 6 comprises twenty four installments of ₹60000000/- each and one installment of ₹15121250/- and (f) loan 7 comprises sixteen quarterly installments of ₹56250000/- each.

- ii. Other loans from banks and other party 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 four installments of ₹64335/- each (b) loan 2 comprises three installments of ₹36534/- each and (c) loan 3 comprises ten installments of ₹44595/- each (d) loan 4 comprises nine installments of ₹153335/- each; loan 6 comprises twenty six installments of ₹74328/- each and loan 7 comprises nineteen installments of ₹90560/- each. All installments includes interest.

- iii. The above borrowings and interest due thereon have been paid upto date and there are no continuing defaults.

4 DEFERRED TAX LIABILITIES (NET):

Refer Note No. 27 (II)(14)

Deferred Tax Liabilities:

Opening balance at the beginning of the year	₹	376545367	362953316
Adjustment for the year	₹	451842570	13592051
Closing balance at the end of the year (A)	₹	828387937	376545367

Deferred Tax Asset:

Opening balance at the beginning of the year	₹	121974979	123580536
Adjustment for the year *	₹	706412958	(1605557)
Closing balance at the end of the year (B)	₹	828387937	121974979
Deferred Tax Liabilities (net) (A-B)	₹	0	254570388

* Includes adjustment for 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 current year ₹Nil, previous year ₹7243899/- adjusted against Reserves and Surplus as at 31st March 2014.

NOTES TO BALANCE SHEET

		As at 31st March 2016	As at 31st March 2015
5 LONG-TERM PROVISIONS:			
Provision for employee benefits	₹	21819250	17942979
Refer Note No.27 (II) (9)	₹	21819250	17942979
CURRENT LIABILITIES:			
6 SHORT-TERM BORROWINGS:			
(i) Working capital loans from banks: (Repayable on demand, Secured)	₹	897840985	902493844
(ii) Buyer's credit	₹	1224869085	1732168671
	₹	2122710070	2634662515
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 13.75% to 14.25% p.a. The rate of interest in respect of Buyer's credit varies from 6m LIBOR + 70 bps to 6m LIBOR + 90 bps p.a.			
ii. The above borrowings and interest due there on have been paid upto date and there are no defaults.			
7 TRADE PAYABLES:			
Unsecured			
i. Total outstanding dues of micro enterprises and small enterprises	₹	0	0
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises	₹	4477157403	3001093478
	₹	4477157403	3001093478
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.			
a) Principle 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
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
8 OTHER CURRENT LIABILITIES			
i. Current maturities of Long-Term Debt	₹	976590820	1152402151
ii. Interest accrued but not due on borrowings	₹	283724	179985
iii. Unclaimed dividends (Of the above there is no amount due and outstanding to be credited to Investor Education and Protection Fund)	₹	5846461	7595375
iv. Advance from customers	₹	58750515	66287780
v. Other payables			
Creditors for capital works	₹	77510549	757614056
Employee benefits payable	₹	59044347	33751508
Statutory Liabilities	₹	26786094	31017661
Others	₹	116371951	255123085
	₹	1321184461	2303971601
9 SHORT-TERM PROVISIONS:			
Provision for employee benefits	₹	30320265	25759509
Refer Note No.27 (II) (9)	₹	30320265	25759509

NOTES TO BALANCE SHEET
10. (I) FIXED ASSETS:

SL. NO.	Description	GROSS CARRYING AMOUNT				DEPRECIATION / AMORTISATION				NET CARRYING AMOUNT	
		Cost as at 01.04.2015	Additions during the year	Deductions during the year	Total Upto 31.03.2016	Upto 31.03.2015	For the year	On deductions	Total upto 31.03.2016	As at 31.03.2016	As at 31.03.2015
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
A. Tangible Assets:											
I. Own Assets:											
1 Freehold land and site Development		10246139	3476851	0	13722990	0	0	0	0	13722990	10246139
2 Buildings		209248389	727229691	0	936478080	79338823	34445872	0	113784695	822693385	129909566
3 Plant and equipment		4640341205	4546869442	0	9187210647	1579433499	414293386	0	1993726885	7193483762	3060907706
4 Furniture and fixtures		5864620	3180060	0	9044680	3555104	835308	0	4390412	4654268	2309516
5 Vehicles		73824629	4380809	0	78205438	37023561	6520198	0	43543759	34661679	36801068
6 Office equipment		11848948	4662225	0	16511173	8574325	2170097	0	10744422	5766751	3274623
7 Data Processing equipment		7862929	1188161	0	9051090	5818818	1310250	0	7129068	1922022	2044111
II. Leased Assets:											
8 Leasehold land		33142622	0	0	33142622	0	0	0	0	33142622	33142622
Sub Total:		4992379481	5290987239	0	10283366720	1713744130	459575111	0	2173319241	8110047479	3278635351
B. Intangible Assets											
Own Assets:											
9 Software		877320	220500	0	1097820	655386	233294	0	888680	209140	221934
Sub Total:		877320	220500	0	1097820	655386	233294	0	888680	209140	221934
Total:		4993256801	5291207739	0	10284464540	1714399516	459808405	0	2174207921	8110256619	3278857285
Previous Year Total:		4969347158	34227331	10317688	4993256801	1474232101	245078782	4911367	1714399516	3278857285	
C. Capital Work-in-Progress		4463280860	0	4201886442	261394418	0	0	0	0	261394418	4463280860
Total:		4463280860	0	4201886442	261394418	0	0	0	0	261394418	4463280860

11 Expenditure during construction period pending capitalisation:

Sl. No.	PARTICULARS	As at 01.04.2015	Capitalised during the year	As at 31.03.2016
		₹	₹	₹
1	Salaries, wages and other benefits	129335091	129335091	0
2	Contribution to Provident and other funds	13325885	13325885	0
3	Staff welfare expenses	3652088	3652088	0
4	Interest expense	810917608	810917608	0
5	Other borrowing cost	86080858	86080858	0
6	Net loss on foreign currency transactions and translation	64498223	64498223	0
7	Insurance	26511284	26511284	0
8	Printing and stationary	434515	434515	0
9	Communication expenses	109781	109781	0
10	Travelling and conveyance	12567834	12567834	0
11	Payment to auditors-Certification charges	509040	509040	0
12	Legal and professional charges	15229943	15229943	0
13	Depreciation	8622056	8622056	0
14	Power and fuel	76333065	76333065	0
15	Repairs and Maintenance	8292764	8292764	0
16	General expenses	58338312	58338312	0
17	Rates and taxes	2060349	2060349	0
18	Advertisement	1662	1662	0
19	Bank charges	3104829	3104829	0
20	Trial run expenses	272545462	272545462	0
	Sub total	1592470649	1592470649	0
21	Less: Sales	645989148	645989148	0
22	Less: Interest income	91467103	91467103	0
	Total	855014398	855014398	0

Note: Expenditure during construction period was capitalised on 01.04.2015 upon commissioning of Ductile Iron Pipe making plant, Sinter plant and captive thermal Power Plant.

NOTES TO BALANCE SHEET

		As at 31st March 2016	As at 31st March 2015
12 NON-CURRENT INVESTMENTS:			
(Long-term Investment)			
(a) Investment In Equity Instruments:			
Non Trade: Quoted, fully paid up			
(at cost less provision for other than temporary diminution in value, if any)			
(i) 10,720 Equity Shares of ₹10/- each in IDBI Bank Limited (formerly Industrial Development Bank of India)	₹	871000	871000
Less: Provision for diminution in book value of investment	₹	125960	109344
(Market value ₹745040/-, previous year ₹761656/-)	₹	745040	761656
(ii) 10,000 Equity Shares of ₹10/- each in IFCI Limited (Market value ₹246000/-, previous year ₹333500/-)	₹	100000	100000
(iii) 1050 Equity Shares of ₹10/ each in State Bank of Travancore (Market value ₹404828/-, previous year ₹453600/-)	₹	63000	63000
(b) In Mutual Funds:			
5,000 units of ₹10/- each in SBI Mutual Fund (Fair value ₹139605/-, previous year ₹143751/-)	₹	50000	50000
519109 (previous year 519019) Units of ₹10/- each in Canara Robeco Mutual Fund	₹	5288682	5288682
(Fair value ₹5901168/-, previous year ₹5640385/-)	₹	6246722	6263338
(i) Aggregate amount of quoted investments	₹	1034000	1034000
(ii) Aggregate market value of quoted investments	₹	1395868	1548756
(iii) Aggregate amount of unquoted investments	₹	5338682	5338682
(iv) Aggregate provision made for diminution in value of Investments	₹	125960	109344
13 LONG-TERM LOANS AND ADVANCES:			
Unsecured, considered good			
(a) Capital advances	₹	38076026	53030224
(b) Security Deposits (includes an amount of ₹1215000 /-, previous year ₹1215000/- due from a Director towards rental deposit of office premises)	₹	25441772	23480773
(c) Prepaid Taxes	₹	38614161	29545030
(d) MAT credit entitlement	₹	5873857	5873857
(e) Other loans and advances:			
Prepaid expenses	₹	1704984	0
	₹	109710800	111929884
14 OTHER NON-CURRENT ASSETS:			
(a) Long Term Trade Receivables			
i. Unsecured-considered good	₹	0	0
ii. Unsecured-considered doubtful	₹	17170041	17170041
Less: Provision for doubtful debts	₹	(17170041)	(17170041)
	₹	0	0
(b) Other receivables - unsecured - considered good	₹	33256244	31025173
	₹	33256244	31025173

NOTES TO BALANCE SHEET

		As at 31st March 2016	As at 31st March 2015
CURRENT ASSETS:			
15 INVENTORIES:			
(Valued at lower of cost and net realisable value, except for by-product and scrap. By-product and scrap are valued at net realisable value).			
(i) Raw materials*	₹	415639720	877166084
(Stock in transit ₹31958815/- Previous year ₹629167756/-)			
(ii) Work-in-progress**	₹	169862257	168950402
(iii) Finished goods ***	₹	943233811	1058849326
(Stock in transit ₹12487712/- Previous year ₹Nil)			
(iv) Stores and spares	₹	147927349	78898289
(Stock in transit ₹6637457/- Previous year ₹3360184/-)			
(v) Scrap	₹	1260915	0
	₹	1677924052	2183864101
* Includes ₹Nil/-, (previous year ₹47740702/-)from trial run production			
** Includes ₹Nil/-, (previous year ₹102451986/-)from trial run production			
*** Includes ₹Nil/-, (previous year ₹595855689/-)from trial run production			
16 TRADE RECEIVABLES:			
(Unsecured, considered good)			
(i) Outstanding for a period exceeding six months from the date they became due for payment	₹	286048984	179735583
(ii) Others	₹	1971460846	1432283014
	₹	2257509830	1612018597
Less: Bills discounted with a bank	₹	366548770	0
	₹	1890961060	1612018597
17 CASH AND BANK BALANCES:			
Cash and Cash Equivalents:			
(i) Cash on hand	₹	3584276	2302836
(ii) Balances with banks:	₹	20710038	28451433
In current accounts	₹	24294314	30754269
Other than cash and cash equivalents:			
(i) Other bank balances:			
(a) In unclaimed dividend accounts	₹	5846461	7595375
(b) Balances with banks to the extent held as margin money or security	₹	794662674	756475307
(Pledged to banks towards margin on letters of credit etc.,)	₹	800509135	764070682
	₹	824803449	794824951
18 SHORT-TERM LOANS AND ADVANCES:			
(Unsecured, considered good)			
(a) Deposits	₹	26568113	21943985
(b) Balances with Central Excise	₹	110794325	147442646
(c) Other advances and receivables	₹	22009401	146028165
(d) Prepaid expenses	₹	31051354	24233243
(e) Advances to suppliers	₹	208785215	163915799
(f) Advances to staff	₹	5218023	2898865
(g) Other advances considered doubtful	₹	25000000	25000000
Less: provision for doubtful advances	₹	25000000	25000000
	₹	0	0
	₹	404426431	506462703
19 OTHER CURRENT ASSETS:			
(a) Interest accrued on deposits and investments	₹	16834327	18658671
(b) Assets held for sale (at lower of cost and net realisable value)	₹	6527886	14718232
	₹	23362213	33376903

NOTES TO STATEMENT OF PROFIT AND LOSS

		For the Year ended 31st March 2016	For the Year ended 31st March 2015
20 OTHER OPERATING INCOME:			
Sale of scrap arising out of manufacturing process	₹	10574800	13454
21 OTHER INCOME:			
(a) Interest Income	₹	63162386	46417058
(b) Dividend income from long-term non-trade investments	₹	47540	5198
(c) Profit on sale of long term investments	₹	0	88782
(d) Sale of other scrap	₹	5051055	3753181
(e) Provision for liabilities no longer required written back	₹	28762	0
(f) Provision for doubtful debts no longer required written back	₹	0	3695562
(g) Provision for doubtful advances no longer required written back	₹	0	5750000
(h) Provision for diminution in value of investments no longer required written back	₹	0	60032
(i) Profit on sale of assets	₹	0	28226
(j) Other non-operating income (net of expenses directly attributable to such income)	₹	22572421	10255038
	₹	90862164	70053077
22 COST OF RAW MATERIALS CONSUMED:			
i. Opening Inventory*	₹	877166084	956151569
ii. Add: Purchases during the year	₹	5155479880	6192219599
	₹	6032645964	7148371168
iii. Less Closing Inventory	₹	415639720	829425382
iv. Raw Material consumed	₹	5617006244	6318945786
* Includes ₹47740702/- from trial run production			
Particulars of Raw material consumed:			
(a) Coking Coal	₹	3188433278	4153453552
(b) Iron Ore and Iron Ore fines	₹	774152922	1053663430
(c) Steam Coal	₹	962834608	689970110
(d) Others	₹	691585436	421858694
	₹	5617006244	6318945786
23 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND SCRAP:			
(a) Opening inventory:			
(i) Finished goods including by-product*	₹	1058849326	840699804
(ii) Work-in-progress**	₹	168950402	59070624
	₹	1227799728	899770428
(b) Closing inventory:			
(i) Finished goods including by-product	₹	943233811	462993637
(ii) Work-in-progress	₹	169862257	66498416
(iii) Scrap	₹	1260915	0
	₹	1114356983	529492053
Adjustment for Excise duty on finished goods	₹	19043590	29449429
	₹	94399155	340828946
* Includes current year ₹Nil Previous year ₹595855689/- from trial production			
** Includes current year ₹Nil Previous year ₹102451986/-from trial production			
24 EMPLOYEE BENEFITS EXPENSE:			
(a) Salaries, wages, bonus and other benefits	₹	365708909	197555941
(b) Contribution to provident and other funds	₹	25963890	15152679
(c) Contribution to employee state insurance	₹	275268	256326
(d) Staff welfare expenses	₹	8554212	7227344
	₹	400502279	220192290
25 FINANCE COSTS:			
(a) Interest expense	₹	836937292	376653116
(b) Other borrowing costs	₹	104204071	77684642
(c) Net loss on foreign currency transactions and translation	₹	101822655	39044192
	₹	1042964018	493381950

NOTES TO STATEMENT OF PROFIT AND LOSS

		For the Year ended 31st March 2016	For the Year ended 31st March 2015
26 OTHER EXPENSES:			
i Consumption of stores and spare parts	₹	256017775	89166212
ii Power and fuel	₹	55792073	65813657
iii Rent	₹	5008995	4909853
iv Repairs to buildings	₹	9365765	494181
v Repairs to machinery	₹	154457562	91808676
vi Repairs to others	₹	1313786	787537
vii Insurance	₹	19718587	18300311
viii Operation and maintenance charges	₹	134912243	26286377
ix Rates and taxes, excluding taxes on income	₹	9082850	5337255
x Payments to auditors:			
(a) As auditors	₹	1200000	1200000
(b) As tax auditors	₹	0	600000
(c) For taxation matters	₹	350000	200000
(d) For quarterly reviews	₹	977075	945000
(e) For certification	₹	1115875	591180
(f) For reimbursement of expenses	₹	178675	250698
(g) Total fees	₹	3821625	3786878
xi Printing and stationery	₹	3016392	1192834
xii communication expenses	₹	2994972	3475132
xiii Advertisement	₹	352505	233664
xiv Traveling and conveyance	₹	8433578	5509560
xv Vehicle Maintenance	₹	17219042	9758803
xvi Legal and Professional charges	₹	28900477	6930612
xvii Net loss on foreign currency transaction and translation (other than considered as finance cost)	₹	228501152	152787200
xviii Bad debts written off	₹	1138742	5244368
xix Provision for doubtful advances	₹	0	25000000
xx Carriage and freight	₹	290107875	192541562
xxi Discounts	₹	26532531	13336742
xxii Directors fees	₹	576000	447000
xxiii Bank charges	₹	6114439	4439705
xxiv Commission on sales	₹	18391254	15052798
xxv Provision for diminution in value of long term investments	₹	16616	0
xxvi Packing material consumed	₹	10641972	0
xxvii Miscellaneous expenses	₹	58505251	39471087
xxviii Prior year adjustments (net)	₹	1385447	182885
	₹	1352319506	782294889

27. 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. The financial statements are presented in Indian Rupees rounded off to nearest Rupee.

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 other than on electricity business. Depreciation in respect of its electricity business is provided at the rates as well as methodology notified by the Central Electricity Regulatory Commission. On the basis of technical evaluation certain plant and equipments are considered as continuous process plant. 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. Depreciation is provided at one hundred percent for assets costing `5000/- or less.
- 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:
(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.

(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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:

- (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.
 - 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 which is based upon the terms of the applicable contract, which coincides with the delivery of the goods. 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:

(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.

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) 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.

(q) 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:

- (r) Earnings per Share:
- 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.
 - 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.
- (s) 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.
- (t) 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.

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 Ferrous products, Metallurgical Coke with Co-generation of Power. The Ferrous products 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 Ferrous products. 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 CONTINGENT LIABILITIES AND COMMITMENTS:

		As at 31st March 2016	As at 31st March 2015
A	Contingent Liabilities:		
i.	On account of bank guarantees issued by the bankers	₹ 14960000	6285000
ii.	Claims against the Company not acknowledged as debt	₹ 4613462	4613462
iii.	Taxes and Duty demands contested by the Company:		
	Central Excise	₹ 8938903	1907216
	Commercial Taxes	₹ 4204325	4204325
	Income Tax	₹ 1379100	1379100
	Customs	₹ 108703540	108703540
	Sub Total	₹ 123225868	116194181
iv.	Total	₹ 142799330	127092643

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)	₹ 18222614	28529769
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4 Current liabilities include the following project related liabilities:

(i) Buyers credit under short term borrowings	₹ 0	145308754
(ii) Other payables under other current liabilities	₹ 0	752409045
(iii) Current maturities of long term debt under other current liabilities	₹ 0	607757071
	₹ 0	1505474870

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:

- 5** 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.

6 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 23 "Changes in inventories of finished goods, work-in-progress and scrap."

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

		As at 31st March 2016	As at 31st March 2015
(a)	Payable for supply and services:		
i.	Amount in foreign currency	US\$	45691818
	Amount equivalent in Indian currency	₹	3027311390
ii.	Amount in foreign currency	Euro	34848
	Amount equivalent in Indian currency	₹	2627365
iii.	Amount in foreign currency	£	14711
	Amount equivalent in Indian currency	₹	1404448
(b)	Buyer's credit:		
i.	Amount in foreign currency	US\$	17937590
	Amount equivalent in Indian currency	₹	1188455020
ii.	Amount in foreign currency	Euro	464100
	Amount equivalent in Indian currency	₹	34990830
iii.	Amount in foreign currency	£	14907
	Amount equivalent in Indian currency	₹	1423235
(c)	Receivable for supply:		
i.	Amount in foreign currency	US\$	404348
	Amount equivalent in Indian currency	₹	26790077

8 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:
9 DISCLOSURES UNDER ACCOUNTING STANDARD 15 (REVISED) ON EMPLOYEE BENEFITS:

		For the Year ended 31st March 2016	For the Year ended 31st March 2015
(a) DEFINED CONTRIBUTION SCHEMES:			
Contributions to Defined Contribution Schemes charged off for the year are as under:			
i. Contribution to Provident Fund	₹	18716897	15205436
ii. Contribution to Employee State Insurance	₹	275268	256326
(b) DEFINED BENEFIT PLANS:			
(Disclosures as per Actuary Certification)			
i. Gratuity (unfunded)			
(I) Statement of Profit and Loss:			
(a) Current Service Cost	₹	2880459	2144771
(b) Interest cost on benefit obligation	₹	2801861	2253912
(c) Expected return on plan assets	₹	Nil	Nil
(d) Net Actuarial (gain) / loss recognised in the year	₹	1549529	3505366
(e) Past service cost	₹	Nil	Nil
(f) Net benefit expenses	₹	7231849	7904049
II. Balance Sheet:			
Change in the present value of the defined benefit obligation are as follows:			
(a) Opening defined benefit obligation	₹	35023266	28173904
(b) Interest cost	₹	2801861	2253912
(c) Current Services cost	₹	2880459	2144771
(d) Past Services cost	₹	Nil	Nil
(e) Benefits paid	₹	(799499)	(1054687)
(f) Actuarial (gain)/Loss on obligation	₹	1549529	3505366
(g) Closing defined benefit obligation	₹	41455616	35023266
ii. Leave Encashment (unfunded)			
(I) Statement of Profit and Loss:			
(a) Current Service Cost	₹	597394	460378
(b) Interest cost on benefit obligation	₹	694338	570746
(c) Expected return on plan assets	₹	Nil	Nil
(d) Net Actuarial (gain) / loss recognised in the year	₹	856581	765363
(e) Past service cost	₹	Nil	Nil
(f) Net benefit expenses	₹	2148313	1796487
II. Balance Sheet:			
Change in the present value of the defined benefit obligation are as follows:			
(a) Opening defined benefit obligation	₹	8679222	7134331
(b) Interest cost	₹	694338	570746
(c) Current Services cost	₹	597394	460378
(d) Benefits paid	₹	(143636)	(251596)
(e) Actuarial (gain)/Loss on obligation	₹	856581	765363
(f) Closing defined benefit obligation	₹	10683899	8679222
(c) THE PRINCIPAL ASSUMPTIONS USED IN DETERMINING GRATUITY AND LEAVE ENCASHMENT:			
i. Salary rise per annum	%	4	4
ii. Discount rate per annum	%	8	8
iii. Attrition rate per annum	%	3	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:
10 DISCLOSURES UNDER ACCOUNTING STANDARD 17 ON SEGMENT REPORTING:

The Company's business consists of two Reportable segments viz., Ferrous products 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 2016.

I. Primary Segment Reporting:

Reportable Segment	2015-16			2014-15		
	Ferrous products	Metallurgical Coke with Co-generation power	Total	Pig Iron	Metallurgical Coke with Co-generation power	Total
	₹	₹	₹	₹	₹	₹
Revenue:						
Revenue from operations (net)	5550289890	8184805803	13735095693	4256443461	7647819454	11904262915
Inter/Intra Segment sales	0	1932014607	1932014607	0	2108151139	2108151139
Total Revenue	5550289890	6252791196	11803081086	4256443461	5539668315	9796111776
Result:						
Segment Result / (loss)	333078717	(155249072)	177829645	316949541	569299921	886249462
Interest (net)	Nil	Nil	773774906	Nil	Nil	330236058
Other Un-allocable Expenditure (net)	Nil	Nil	2114747	Nil	Nil	275258415
Profit / (Loss) before Tax	Nil	Nil	(598060008)	Nil	Nil	280754989
Provision for Tax	Nil	Nil	(254570388)	Nil	Nil	22441507
Profit / (Loss) after Tax	Nil	Nil	(343489620)	Nil	Nil	258313482
Other information:						
Segment Assets	8360090911	4931543753	13291634664	8237252050	5596262400	13833514450
Unallocated Assets	50707344	0	50707344	43403743	0	43403743
Total Assets	8410798255	4931543753	13342342008	8280655793	5596262400	13876918193
Segment Liabilities	6684027777	4967372491	11651400268	6408217988	5177949543	11586167531
Unallocated Liabilities	5846461	0	5846461	7595375	0	7595375
Total Liabilities	6689874238	4967372491	11657246729	6415813363	5177949543	11593762906
Capital Expenditure:						
Tangible Assets	835826393	4455160846	5290987239	8995907	25231424	34227331
Depreciation and amortisation	106248201	353560204	459808405	53220293	191858489	245078782

II. Secondary Segment Reporting:

	2015-16			2014-15		
	Within India	Outside India	Total	Within India	Outside India	Total
External revenue by location of customers (net)	8162543156	3640537930	11803081086	8572260222	1223851554	9796111776
Carrying amount of segment assets by location of assets	13342342008	0	13342342008	13876918193	0	13876918193
Cost incurred on acquisition of tangible and intangible fixed assets	5290987239	0	5290987239	34227331	0	34227331

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:
11 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	2015-16		2014-15	
		Amount of Transaction	Amount Outstanding	Amount of Transaction	Amount Outstanding
		₹	₹	₹	₹
1.0 Key Management Personnel:					
1.1 Managerial Remuneration:					
	Shri A.S.Rao	3638084	8749442 Cr.	2481061	6592373 Cr.
	Shri A. Naresh Kumar	4476638	6809198 Cr.	3792537	5726809 Cr.
	Dr. Shailendra Dasari (from 01.10.2015)	2079700	257014 Cr.	0	0
	Shri T.Sreerama Murthy (upto 02.03.2015)	0	0 Cr.	1009000	181769 Cr.
1.2 Rent:					
	Shri A.Naresh Kumar	583200	2828520 Cr.	583200	2303640 Cr.
1.3 Rent Deposit:					
	Shri A. Naresh Kumar	0	1215000 Dr.	0	1215000 Dr.
1.4 Interest on unsecured loans:					
	Shri A. Naresh Kumar	0	0	1053107	0
2.0 Relatives of Key Management Personnel:					
2.1 Rent:					
	Smt. A. Mutya Bai	983400	205536 Cr.	983400	447621 Cr.
	Shri A. Ashok Kumar	1000800	5254200 Cr.	1000800	4353480 Cr.
2.2 Rent Deposit:					
	Smt. A. Mutya Bai	0	473400 Dr.	0	473400 Dr.
	Shri A. Ashok Kumar	0	1515600 Dr.	0	1515600 Dr.
2.3 Repayment of unsecured loans:					
	Shri. A.Naresh Kumar	0	0	8800000	0
3.0 Concerns in which Key management personnel are interested:					
3.1 Share Deposits received back					
	Maruthi Industries Limited	0	0	5750000	0
	Vamsadhara Polymers Limited	0	0	2400000	0

12 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 ₹5008995/- (previous year ₹4909853/-)

13 DISCLOSURES UNDER ACCOUNTING STANDARD 20 ON EARNINGS PER SHARE:

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

		Year ended 31st March 2016	Year ended 31st March 2015
(i)	Profit / (Loss) attributable to the Equity Shareholders (A)	₹ (343489620)	258313482
(ii)	Basic/Weighted average number of Equity Shares outstanding during the year (B)	Nos. 50900000	50900000
(iii)	Diluted / Weighted average number of Equity Shares outstanding during the year (C)	Nos. 50900000	50900000
(iv)	Face value of Equity Share	₹ 10	10
(v)	Basic Earnings / (Loss) per Share (A/B)	₹ (6.75)	5.07
(vi)	Diluted Earnings / (Loss) per Share (A)/(C)	₹ (6.75)	5.07

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:
14 DEFERRED TAX:

- (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.
- (ii) The movement of provision for Deferred Tax is given below:

Particulars	Opening as at 01.04.2015	Charge / (Credit) during the year	Closing as at 31.03.2016
	₹	₹	₹
(i) Deferred Tax liabilities			
(a) Depreciation	366958589	451153168	818111757
(b) Others	9586778	689402	10276180
Total (A)	<u>376545367</u>	<u>451842570</u>	<u>828387937</u>
(ii) Deferred Tax assets			
(a) Expenses allowable on payment basis under Income Tax Act 1961	11969951	4975379	16945330
(b) Unabsorbed depreciation / business loss (Refer note below)	104665698	701432528	806098226
(c) Others	5339330	5051	5344381
Total (B)	<u>121974979</u>	<u>706412958</u>	<u>828387937</u>
(iii) Deferred Tax liability (net) (A)-(B)	<u>254570388</u>	<u>(254570388)</u>	<u>0</u>

Note: In the absence of virtual certainty, deferred tax asset on account of unabsorbed depreciation and business loss has been recognised to the extent it can be realised against reversal of deferred tax liability.

15 DETAILS OF FINISHED GOODS:

		For the Year ended 31st March 2016	For the Year ended 31st March 2015
A. Sales value:			
I. Manufactured goods:			
i. Pig Iron	₹	2236267657	3969884068
ii. Pig Iron (captive consumption)	₹	0	722827054
iii. Granulated Slag	₹	3483407	593140
iv. Metallurgical Coke	₹	1715576828	3413567743
v. Co-generation Power	₹	1097897458	1227798402
vi. Ductile Iron Pipes	₹	3611911139	0
	₹	<u>8665136489</u>	<u>9334670407</u>
II. Traded goods:			
Coking coal	₹	3646734947	1223851554
B. Closing inventory:			
I. Pig Iron	₹	50370328	138300941
ii. Granulated Slag	₹	11418947	4768851
iii. Metallurgical Coke	₹	127709726	319923845
iv. Ductile Iron Pipes (previous year considered in trial production)	₹	753734810	595855689
	₹	<u>943233811</u>	<u>1058849326</u>
C. Opening inventory:			
I. Pig Iron	₹	138300941	266883570
ii. Granulated Slag	₹	4768851	2291423
iii. Metallurgical Coke	₹	319923845	571524811
iv. Ductile Iron Pipes(Trial production)	₹	595855689	0
	₹	<u>1058849326</u>	<u>840699804</u>
D. Purchase of traded goods:			
Coking Coal	₹	3525003651	1184687221

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION:

		For the Year ended 31st March 2016	For the Year ended 31st March 2015
16 DETAILS OF WORK-IN-PROGRESS:			
i. Pig Iron	₹	8776562	9304518
ii. Metallurgical Coke	₹	57336662	57193898
iii. Ductile Iron Pipes (Previous year relating to trial production)	₹	103749033	102451986
	₹	169862257	168950402
17 VALUE OF IMPORTS CALCULATED ON C.I.F BASIS:			
(a) Raw Materials	₹	5676060813	5036210210
(b) Components and spare parts	₹	41927556	70966747
(c) Capital goods	₹	20585926	56769138
18 VALUE OF IMPORTED AND INDIGENOUS RAW MATERIALS, SPARE PARTS AND COMPONENTS AND THEIR PERCENTAGES TO TOTAL CONSUMPTION:			
(a) Raw Materials:			
Value:			
i. Imported	₹	4151267886	4843423662
ii. Indigenous	₹	1465738358	1475522124
	₹	5617006244	6318945786
Percentages to total consumption			
i. Imported	%	73.91	76.65
ii. Indigenous	%	26.09	23.35
	%	100.00	100.00
(b) Spare Parts and Components:			
Value:			
i. Imported	₹	3912722	0
ii. Indigenous	₹	25986105	6720474
	₹	29898827	6720474
Percentages to total consumption			
i. Imported	%	13.09	0.00
ii. Indigenous	%	86.91	100.00
	%	100.00	100.00
19 EARNINGS IN FOREIGN EXCHANGE:			
F.O.B value of exports- Traded goods	₹	3640537930	1223851554
20 EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS):			
(a) Usance Interest	₹	45383406	42938718
(b) Travelling	₹	760630	717585
	₹	46144036	43656303
21	Leasehold land represents land purchased admeasuring 88.57 acres under lease-cum-sale agreement with Karnataka Industrial Area Development Board (KIADB), Government of Karnataka.		
22	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
Dated: 30.05.2016

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

K.Thanu Pillai
Chairman

A.S.Rao
Executive Vice Chairman

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, inter alia, 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.***

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

12.13 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.

12.14 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.

12.15 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.*

13.12 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.

13.13 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.*

14.12 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



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