

# **STEEL EXCHANGE INDIA LIMITED**



## **SEVENTEENTH ANNUAL REPORT 2015 - 2016**

## **BOARD OF DIRECTORS**

B. SATISH KUMAR	Chairman & Managing Director
B. SURESH KUMAR	Joint Managing Director
B. RAMESH KUMAR	Joint Managing Director
V. V. KRISHNA RAO	Director
B. SURESH	Director
R. RAMACHANDRA RAO	Director
C. SIVA PRASAD	Director
K. KRISHNA RAO	Director
G. VENKATA NARAYANA REDDY	Director
SUJATA CHATTOPADHYAY	Director

### **CHIEF FINANCIAL OFFICER**

V.S. RAKESH

### **COMPANY SECRETARY**

L. BABU ARE

### **STATUTORY AUDITORS**

M/s PAVULURI & Co.,  
Chartered Accountants,  
# 105, I Floor, I Block, Divya Shakthi Complex,  
Ameerpet, Hyderabad - 500 016.

### **SECRETARIAL AUDITORS**

M/s B S S & Associates  
Company Secretaries  
Hyderabad.

### **COST AUDITORS**

M/s. DZR & Co.,  
Cost and Management Accountants,  
Hyderabad.

### **BANKERS**

#### **Working Capital Lenders**

State Bank of India, Mid Corporate Commercial Branch, Visakhapatnam  
State Bank of Bikaner & Jaipur, Main Branch, Visakhapatnam  
State Bank of Hyderabad, VSP Steel Township Branch, Visakhapatnam  
Bank of India, Mid Corporate Banking Branch, Visakhapatnam  
Canara Bank, Industrial Finance Branch, Hyderguda, Hyderabad  
Syndicate Bank, Mid Corporate Branch, Dabagardens, Visakhapatnam

Punjab National Bank, Large Corporate Branch, Banajara Hills, Hyderabad  
IDBI Bank Limited, Specialized Corporate Branch, Visakhapatnam  
The Karur Vysya Bank Limited, Main Branch, Dabagardens, Visakhapatnam  
The Lakshmi Vilas Bank Ltd., Gajuwaka Branch, Visakhapatnam  
Dhanlaxmi Bank Limited, Main Branch, CBM Compound, Visakhapatnam  
Andhra Bank, Specialized SME Branch, Gajuwaka, Visakhapatnam

**Corporate Loan and Term Loan Lenders 2015-16:**

State Bank of India, Mid Corporate Commercial Branch, Visakhapatnam  
State Bank of Bikaner & Jaipur, Main Branch, Visakhapatnam  
State Bank of Bikaner & Jaipur, Mid Corporate Br, Raj Bhavan Road, Hyderabad  
State Bank of Hyderabad, VSP Steel Township Branch, Visakhapatnam  
State Bank of Mysore, Industrial Finance Branch, Ameerpet, Hyderabad  
State Bank of Patiala, Mid Corporate Branch, Abids, Hyderabad  
State Bank of Travancore, Main Branch, Rly. New Colony, Visakhapatnam  
Punjab National Bank, Large Corporate Branch, Banajara Hills, Hyderabad  
The Karur Vysya Bank Limited, Main Branch, Dabagardens, Visakhapatnam  
The Lakshmi Vilas Bank Ltd., Gajuwaka Branch, Visakhapatnam

**REGISTRARS & SHARE TRANSFER AGENTS**

Venture Capital and Corporate Investments Private Limited,  
12-10-167, Bharatnagar, Hyderabad - 500 018.  
Telephone: +91 - 40 - 23818475 / 76 Fax: +91 - 40 - 23868024

**REGISTERED OFFICE**

# 303, My Home Laxmi Nivas, Greenlands, Ameerpet, Hyderabad - 500 016.  
Telephone No: +91-40-23403725 Fax No: +91- 40- 23413267  
www.seil.co.in email: cs@seil.co.in CIN: L74100AP1999PLC031191

**CORPORATE OFFICE:**

Block A, 4th Floor, Green City, Vadlapudi , Visakhapatnam - 530 046.  
Telephone: +91-891-2587175, 2587573 Fax: +91-891-2749215

**WORKS**

**Power Plant & Steel Ingot Division:**

Opp: Mandapalli New Bridge, Kothapeta (V & M) - 533 223 East Godavari (Dt).

**Rolling Division:**

Simhadri TMT Steels, Plot No 1, I.D.A., Edulapaka Bonangi, Paravada (Mandal), Visakhapatnam (Dt) - 531 201.

**Wire Drawing Division (HC Wire Products):**

Plot No.17 & 18, E-Block, IDA, Auto Nagar, Visakhapatnam - 530 012.

**Bobbili Wire Drawing Division (Galvanised Wire Products):**

S. No. 295 to 300, APIIC Growth Centre, Bobbili- 535 558.

**INTEGRATED STEEL PLANT**

**Sponge Iron Division, Rolling Division, SMS Billet Unit and Simhadri Power Division:**

Malliveedu, L.Kota Mandal, Vizianagaram District - 533 301.

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## SEVENTEENTH ANNUAL GENERAL MEETING

Date : 30<sup>th</sup> September, 2016  
Day : Friday  
Time : 11.45 A.M.  
Place : The Plaza, # 6-3-870, Tourism Plaza,  
Greenlands, Begumpet,  
Hyderabad - 500 016  
Phone: 040 - 4949 5959



## NOTICE

Notice is hereby given that the 17th Annual General Meeting of the Members of STEEL EXCHANGE INDIA LIMITED will be held on **Friday, the September 30th, 2016 at 11 : 45 A.M. at The Plaza, # 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad, Telangana- 500 016** to transact the following business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon and in this regard pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** the audited Balance Sheet as at 31st March, 2016, Statement of Profit and Loss, Cash Flow Statement together with related notes for the year ended 31st March, 2016, the Auditor's Report thereon and the Directors Report thereon be and are hereby received, considered, approved and adopted."

2. To appoint a director in the place of Mr. Bavineni Suresh (DIN: 00181832), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Bavineni Suresh (DIN 00181832) be and is hereby re-appointed as a director liable to retire by rotation".

3. To appoint a director in the place of Mr. Veeramachaneni Venkata Krishna Rao (DIN 00206884), who retires by rotation and being eligible, offers himself for re-appointment and in this regard to pass the following resolution as an ordinary resolution.

**"RESOLVED THAT** Mr. Veeramachaneni Venkata Krishna Rao (DIN 00206884) be and is hereby re-appointed as a director liable to retire by rotation".

4. Appointment of Auditors

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 139 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder and pursuant to the recommendations of the Audit Committee and pursuant to the resolution passed in the Annual General Meeting of the Company held on December 31, 2014, the appointment of M/s. Pavuluri & Co, Chartered Accountants (Firm Registration No. 012194S), Hyderabad as Statutory Auditors of the Company to hold office until the conclusion of the Annual General Meeting to be held for the year 2019 be and is hereby ratified and confirmed AND THAT the Board of Directors of the Company, based on the recommendations of the Audit Committee, be and is hereby authorised to fix the remuneration payable to the Statutory Auditors in addition to reimbursement of service tax and actual out-of-pocket expenses incurred in connection with the audit of the accounts of the Company for the financial year ending March 31, 2017".

### Special Business:

5. **Re-appointment of Mr. Bandi Satish Kumar (DIN 00163676), as Chairman and Managing Director of the Company.**

To Consider and, if thought fit, to pass, with or without modification (s), the following resolution as a Special Resolution:

**"RESOLVED THAT** in accordance with the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of Members of the Company be and is hereby accorded to the re-appointment of Shri. B. Satish Kumar (DIN: 00163676) as Managing Director of the Company for a further period of three years with effect from 01st March, 2016, on the terms and conditions including remuneration and perquisites etc., as mentioned below.

The details of remuneration and perquisites etc., payable are as under:

1. Salary : Rs. 5,50,000/- Per Month

2. Commission : Nil

3. Perquisites/ Allowances :

i) Medical Reimbursement:

Reimbursement of expenses incurred in India and/or abroad for Medical treatment of self and his family, subject to a



ceiling one month's salary in a year or three month's salary over a period of three years.

ii) Leave Travel Concession:

Reimbursement of actual travelling expenses for self and his family, once in a year for proceeding on leave in accordance with the rules of the Company.

Explanation:

For (i) and (ii) Family means the spouse, dependent children and the dependent parents.

iii) Motor Car and Telephone:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Private use of car and personal long distance calls on telephone shall be billed by the Company.

iv) Other Perquisites:

Subject to the overall ceiling on remuneration the Managing Director may be given any other allowances, benefits and perquisites as the Board of Directors from time to time, decide, whose value together with the perquisites mentioned above, shall not be exceed 10% of the salary per month."

**RESOLVED FURTHER THAT** where in any financial year during the currency of his tenure, the Company has no profits or inadequate profits, Managing Director shall be paid the minimum remuneration as may be determined by the Nomination and Remuneration Committee which shall also have the authority to decide on the quantum, composition and periodicity of payment of such minimum remuneration subject however that such minimum remuneration shall not exceed the limit prescribed under Section II, Part II of Schedule V of the Companies Act, 2013.

**RESOLVED FURTHER THAT** in case Managing Director draws remuneration as a managerial person from another Company, the total remuneration payable by both the Companies shall not exceed the higher maximum limit permissible for any one of the Companies.

**"FURTHER RESOLVED THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution."

**6. To ratify the remuneration payable to M/s. DZR & Co., the Cost Auditors of the Company for the FY 2016-17.**

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 of the Companies Act, 2013 read with the Companies (Audit and Auditors Rules), 2014, the Company be and hereby ratify and confirm the payment of remuneration of Rs. 4,50,000/- (plus applicable service tax and out of pocket expenses that may be incurred) to M/s. DZR & Co., Cost Accountants, Hyderabad, appointed as Cost Auditors by the Board of Directors of the Company, to conduct the audit of cost records of the company for the financial year ending March 31, 2017."

**FURTHER RESOLVED THAT** Mr. B. Satish Kumar, Chairman & Managing Director, Mr. B. Suresh Kumar, Joint Managing Director of the Company be and are hereby authorised severally to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution".

**7. To amend the Capital Clause V of the Memorandum of Association of the company**

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 13, 61 and other applicable provisions of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), Clause V of the Memorandum of Association of the Company relating to Capital be substituted by the following Clause:

V. The Authorized Share Capital of the Company is Rs. 332, 00,00,000/- (Rupees three hundred and thirty two crores only) divided into 25,80,00,000 (Twenty Five crores Eighty Lakhs only) equity shares of Rs. 10/- ( Ten only) each, and 7,40,00,000 (Seven Crore Forty Lakhs only) preference shares of Rs. 10/- (Ten only) each and the said preference shares may be redeemable/non-redeemable, cumulative/non-cumulative, convertible/non-convertible, participating/non-participating or otherwise at the option of the Company, in the share capital of the Company with power to



increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential/deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the regulations of the company and to vary modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company ."

**RESOLVED FURTHER THAT** Mr. B. Satish Kumar, Chairman and Managing Director or Mr. B. Suresh Kumar, Joint Managing Director or Mr. L. Babu Are, Company Secretary of the Company be and are hereby severally authorized to file necessary forms and obtain necessary approvals as may be necessary in this regard and to do all such acts, deeds and things as may be required to give effect to the above resolution(s)."

**8. To adopt new set of Articles of Association in accordance with the Companies Act, 2013**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** "**RESOLVED THAT** pursuant to the provisions of Section 5 and 14 of the Companies Act, 2013 ('the Act'), Schedule-I made thereunder, read with the Companies (Incorporation) Rules, 2014 and all other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the existing set of Articles of Association of the Company be and is hereby replaced, altered, modified and revised as per the new set of Articles of Association, and the new set of Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in the place and in exclusion and substitution of the existing Articles of Association of the Company.

**RESOLVED FURTHER THAT** for the purpose of giving full effect to this resolution, the Board of Director (hereinafter referred to as the "Board", which term shall include any of its duly authorized Committees or one or more Directors) be and is hereby authorized on behalf of the company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, proper or desirable and to settle all questions, difficulties or doubts that may arise in this regard at any stage without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent and that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

**RESOLVED FURTHER THAT** Mr. B. Satish Kumar, Chairman and Managing Director or Mr. B. Suresh Kumar, Joint Managing Director or Mr. L. Babu Are, Company Secretary of the Company be and are hereby severally authorized to file necessary forms and obtain necessary approvals as may be necessary in this regard and to do all such acts, deeds and things as may be required to give effect to the above resolution(s)."

By order of the Board  
For **STEEL EXCHANGE INDIA LIMITED**

**L. BABU ARE**  
Company Secretary

Place: Hyderabad  
Date: 31.08.2016

**Notes:**

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (Act), relating to the Special Business under Item Nos. 5 to 8 of the Notice, is annexed hereto. The relevant details as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), of the person seeking re-appointment as Director under Item No. 2,3 and 5 of the Notice, are annexed.
2. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company at its Registered Office not later than forty-eight hours before the commencement of the meeting. Proxies submitted on behalf of companies, societies, etc. must be supported by an appropriate resolution/authority, as applicable. A single person may act as a proxy for a member holding more than ten percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.



3. Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty four hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, the 24th day of September, 2016 to Friday, the 30th day of September, 2016 (both days inclusive).
5. Members/Proxies are requested to bring their copies of Annual Report to the meeting. As an austerity measure, copies of Annual Report will not be distributed at the meeting.
6. Members desirous of seeking any information on the accounts or operations of the Company are requested to write to the Company at least 10 days prior to the Meeting so that the required information can be made available at the Meeting.
7. Members are requested to bring the Attendance Slip duly filled in and hand over the same at the entrance of AGM venue. Members who hold shares in dematerialized form are requested to bring their depository account Number (Client Id and DP Id No) for easier identification and recording of the attendance at the meeting
8. Members holding shares in physical form can avail of the nomination facility by filing prescribed form under section 72 of the Companies Act, 2013 with the Company or its Registrar & Share Transfer Agents and in case of shares held in demat form, the nomination has to be lodged with their respective Depository Participants (DPs).
9. Members holding shares in physical form are requested to advise any change of address immediately to the Company's R T A, M/s Venture Capital and Corporate Investments Pvt. Ltd. Members holding shares in electronic form must send the advice about the change of address to their respective Depository Participants (DPs) and not to the Company. Non-resident Indian shareholders are requested to inform us immediately the change in the residential status on return to India for permanent settlement.
10. In order to service the Members effectively, members are requested to consolidate their holdings if the shares are held in the same name or in the same order of names but in several folios.
11. The equity shares of the Company have been notified for compulsory trading in demat form and are available for trading in demat form both on National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited and the Members are requested to avail this facility and get their shareholding converted into dematerialized form.
12. All Documents referred to in the accompanying notice and the Explanatory Statement is open for inspection at the registered office of the company on all working days between 10.00 A.M. and 12.00 Noon up to the date of the Annual General Meeting. The Register of Directors' share holding shall be open for inspection during the period beginning 14 days before the Annual General Meeting and ending 3 days after its conclusion.
13. Pursuant to the provisions of Section 124 of the Companies Act, 2013 (corresponding Section 205A of the Companies Act, 1956), the amount of dividend/deposits/interest on deposits which remains unclaimed for a period of seven years from the date of declaration/due, would be transferred to Investor Education and Protection Fund. The members are requested to check and send their claims to the Company, if any, for the year 2008-09 before the respective amounts become due for transfer to the Fund (IEPF).
14. The Ministry of Corporate Affairs (MCA) has taken a 'Green Initiative in the Corporate Governance' by allowing paperless compliances by the companies. Your Company has decided to join the MCA in its environment friendly initiative.  
  
Henceforth, the Company proposes to send documents such as notice of General Meetings, Annual Report and other Communication to the members via electronic mode to their registered e-mail addresses. To support this green initiative of the Government in full measure, Members are requested to register/update their e-mail addresses with their Depository Participants (D.P) in respect of the dematerialized holdings and the Members who hold shares in physical form are requested to send the details via e-mail at [cs@seil.co.in](mailto:cs@seil.co.in) or [info@vccilindia.com](mailto:info@vccilindia.com) by quoting their registered folio numbers.





15. Members holding shares in the company and who have not registered their mail id with the company or the depository and wish to avail e voting may write to the registrar or the company quoting their client id/folio no and DP id so as to send the password for e voting and hard copy of the ballot paper will be provided at the venue of the AGM for those members who have not exercised their e-voting.

16. E-Voting

**I. Voting through electronic means:**

In compliance with the provisions of section 108 of the Companies Act, 2013, the Companies (Management and Administration) Rules, 2014, amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company is pleased to provide its members facility to exercise their right to vote on Resolutions proposed to be considered at the 17th Annual General Meeting by electronic means known as remote e-voting. The Company will also be providing voting facility through polling paper at the Meeting and the members attending the Meeting who have not already cast their vote by remote e-voting may be able to exercise their voting right at the Annual General Meeting. Members who have cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.

**The procedure and instructions for e-voting are as follows:**

- (i) The voting period begins on 27th September, 2016 at 9.00 a.m. and ends on 29th September, 2016 at 5.00 p.m. 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) of 23rd September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period.
- (iii) Click on "Shareholders" tab.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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 also used by the demat holders for 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.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Steel Exchange India Limited on which you choose to vote.
- (xii) 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.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) 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.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non - Individual Shareholders and Custodians**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- II. The Company has appointed M/s B S S & Associates, Company Secretaries, as the scrutinizer to scrutinize the e-voting process as well as the Ballot process at the Annual General Meeting in a fair and transparent manner.
- III. The Scrutinizer shall. Immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two(2) witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Chairman, who shall declared the results of the voting forthwith.
- IV. The Results shall be declared on or after the Annual General Meeting of the Company. This Notice as well as the Results declared along with the Scrutinizer's Report shall be placed on the Company's website and on the website of CDSL within two (2) days of passing of the resolutions at the Annual General Meeting of the Company and communicated to the Stock Exchange(s)

All documents referred in the accompanying notice and the statement pursuant to section 102 (1) of the Companies Act, 2013, will be available for inspection at the registered office of the Company during business hours on all working days upto the date of 17th Annual General Meeting of the Company.

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("THE ACT")****Item No 5**

Pursuant to the recommendation Nomination and Compensation Committee in its meeting held on February 29, 2016 the Board of Directors of the Company in their meeting held on February 29, 2016 approved re-appointment of Mr. Bandi Satish Kumar (DIN 00163676) as Managing Director of the Company with effect from March 01, 2016 in accordance with the provisions contained in Section 196 and 197 read with Section 203 of the Companies Act, 2013 for a period of three years on the terms and conditions including remuneration and perquisites etc., as mentioned below.

The details of remuneration and perquisites etc., payable are as under w.e.f 01.02.2016:

1. Salary : Rs. 5, 50,000/- Per Month

2. Commission : Nil

3. Perquisites/ Allowances :

i) Medical Reimbursement:

Reimbursement of actual travelling expenses for self and his family, once in a year for proceeding on leave in accordance with the rules of the Company.

ii) Leave Travel Concession:

Reimbursement of actual travelling expenses for self and his family, once in a year for proceeding on leave in accordance with the rules of the Company.

Explanation:

For (i) and (ii) Family means the spouse, dependent children and the dependent parents

iii) Motor Car and Telephone:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Private use of car and personal long distance calls on telephone shall be billed by the Company.

iv) Other Perquisites:

Subject to the overall ceiling on remuneration the Managing Director may be given any other allowances, benefits and perquisites as the Board of Directors from time to time, decide, whose value together with the perquisites mentioned above, shall not be exceed 10% of the salary per month."

The Board of Directors recommends the resolution in relation to the reappointment of Managing Director for the approval of the members of the Company.

This explanatory statement may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Companies Act, 2013 and pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Except Mr. B. Satish Kumar himself, Mr. B. Ramesh Kumar and Mr. B. Suresh Kumar and their relatives, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in this resolution set out at item no. 5.

Approval of the members is required by way of Special Resolution for appointment and payment of remuneration. The disclosure pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided at Annexure to this Notice.

**Item No.6**

In pursuance of Section 148 of the Companies Act, 2013 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a cost auditor to audit the cost records of the applicable products of the Company.

On the recommendation of the Audit Committee, the Board has, considered and approved the appointment of M/s. DZR &



Co., Cost Accountants as the cost auditor for the financial year 2016-17 at a remuneration of Rs. 4,50,000/- per annum plus applicable service tax and reimbursement of out of pocket expenses.

As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the remuneration payable to the Cost Auditors is to be ratified by the Shareholders. Hence this resolution is put for the consideration of the shareholders.

Certificate dated 27.05.2016 issued by the above firm regarding their eligibility for appointment as Cost Auditors will be available for inspection at the registered office of the Company during 10.00 A.M to 12.00 Noon and shall also available at the meeting. The Board recommends this resolution for approval of the Members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No.7**

The Authorized Share Capital of the Company is Rs. 332, 00,00,000/- (Rupees three hundred and thirty two crores only) divided into 25,80,00,000 (Twenty Five crores Eighty Lakhs only) equity shares of Rs. 10/- ( Ten only) each, and 7,30,00,000 (Seven Crores Thirty Lakhs only) Redeemable Cumulative Optionally Convertible Preference shares of Rs. 10/- each and 10,00,000(Ten Lakhs only) preference shares of Rs.10/- (Ten only) each. In order to issue non-convertible redeemable preference shares, the preference share capital is consolidated and reclassified as 7,40,00,000 (Seven Crore Forty Lakhs only) preference shares of Rs. 10/- (Ten only) each and the said preference shares may be redeemable/non-redeemable, cumulative/non-cumulative, convertible/non-convertible, participating/non-participating or otherwise at the option of the Company, in the share capital of the Company.

The Board of Directors recommends the ordinary Resolution set out at Item No.7 of the Notice for approval by the members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

**Item No.8**

The existing Articles of Association ('Articles') of the Company are based on the Companies Act, 1956 and several regulations in the existing Articles contain reference to the specific sections of the erstwhile Companies Act, 1956. With the enactment of the Companies Act, 2013 several regulations of the existing articles of the company require alteration and /or deletion. Given this position, it is considered expedient to replace the existing Articles with a new set of Articles pursuant the Companies Act, 2013. The draft Articles shall be open for inspection by the members at the registered office of the Company on all working days between 11.00 a.m. to 1.00 p.m. until the date of ensuing Annual General Meeting.

The Board of Directors recommends the Special Resolution set out at Item No.8 of the Notice for approval by the members.

None of the Directors/Key Managerial Personnel of the Company/their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

By order of the Board  
For **STEEL EXCHANGE INDIA LIMITED**

Place: Hyderabad  
Date: 31.08.2016

**L. BABU ARE**  
Company Secretary

**Annexure I**

Information pursuant to SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors Appointment/re-appointment in the ensuing Annual General Meeting

Name of the Director	Bavineni Suresh	V.V. Krishna Rao	B. Satish Kumar
Date of Birth	30.08.1968	10.06.1948	05.12.1960
Nationality	Indian	Indian	Indian
Date of appointment	28.02.2000	12.01.2000	01.10.2007
Qualification	B. Tech. M.B.A	M.A	B.E
Expertise in Specific Functional Area	Rich Experience of more than 16 years in Finance and Steel Industries	More than 36 years of Experience in Marketing and Steel industry.	More than 25 years industry experience in Project Management, Strategic Planning and Leadership.
Relationship with Directors Information pursuant to SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of Directors Appointment/re-appointment in the ensuing Annual General Meeting	None	None	Brother of Mr. B. Suresh Kumar and Mr. B. Ramesh Kumar
Board Memberships as on March 31, 2016	1.Vizag Profiles Pvt Ltd 2.Umashiv Garments Pvt. Ltd 3.Simhadri Wires Pvt. Ltd 4.Satyatej Vyapaar Pvt. Ltd	1.Vizag Profiles Pvt Ltd 2. VPL Integral CFS Pvt. Ltd.	1. Simhadri Pellets India Limited 2. Umashiv Garments Pvt. Ltd. 3. Satyatej Vyapaar Pvt. Ltd.
Chairman/Member of the committee of the Board of Directors as on March 31, 2016	Nil	Nil	Nil
No. of Meetings of the Board attended during the financial year-2015-16	Attended Six out of Seven Board Meeting during the year	Attended Five out of Seven Board Meetings held during the year	Attended all Seven Board Meetings held during the year
Terms and Conditions of appointment or re-appointment along with details of remuneration	-	-	Reappointment Terms and conditions remain same. Previous monthly remuneration is Rs, 550000/-



Comparative remuneration Profile with respect to Industry, size of the company, profile of the position and person	-	-	Proposed remuneration is reasonable as compared with the industry standards for a Managing Director
Number of Equity Shares held in the Company as on March 31,2016	11,38,350 Equity shares of Rs. 10/- each	6,43,736 Equity shares of Rs.10/- each	6,45,944 Equity shares of Rs.10/- each
<b>Other Information</b>			
Reasons for loss or inadequate profits	-	-	Sluggish demand, due to fall in prices, recession in economy.
Steps taken for improvement	-	-	Continuous business development and production capacity enhancement activities are taken for continuous improvement.
Expected Increase in productivity and profits in measurable terms	-	-	Production capacity is optimum and profits will proportionately increase as the industry grows in the coming years.

By order of the Board  
For **STEEL EXCHANGE INDIA LIMITED**

Place: Hyderabad  
Date: 31.08.2016

**L. BABU ARE**  
Company Secretary



**DIRECTORS' REPORT**

**To the Members,**

Your Directors have pleasure in presenting the 17th Annual Report and the Audited Financial Statements for the Financial Year ended March 31, 2016.

**FINANCIAL RESULTS:**

The performance for the Financial Year ended March 31, 2016 is as under:

The financial summary

(₹ in Lakhs)

<b>PARTICULARS</b>	<b>31-Mar-16</b>	<b>31-Mar-15</b>
Total Revenue	168206.99	157763.26
Profit before finance cost, depreciation and tax expense	16294.68	18741.20
Finance cost	12272.78	12762.91
Profit before depreciation and tax expense	4021.90	5978.29
Depreciation	2654.44	2501.81
Profit before tax expense	1367.46	3476.48
Tax expense	628.39	630.82
<b>Net Profit for the year</b>	<b>739.07</b>	<b>2845.66</b>

**State of the Company's Affairs :**

During the year under review, the total revenue of the company was Rs. 1682.06 crores as against previous figure Rs.1577.63 crores which is 6.62 % more than the last year, and Profit before depreciation and taxes recorded at Rs.40.21 crores as against previous figure Rs. 59.78 crores.

The manufacturing sales were Rs.794.14 Crores in the current year and Rs.755.99 Crores in the previous year. The trading sales during the year amounted to Rs. 922.11 Crores compared to Rs. 816.83 Crores in the previous year.

The increase in revenues would have been higher but for the substantial reduction in prices in the 3rd quarter both in domestic markets and world over. Revenue from power sales was also lower in the 4th quarter due to reduced off take by state government utilities.

**Listing of Equity Shares**

The Company's Equity shares are listed at the Bombay Stock Exchange Limited (BSE), PhirozeJeeJeebhoy Towers, Dalal Street, Mumbai-400 001 having nationwide trading terminals.

The Company has paid the Annual Listing Fees to the said Stock Exchange for the financial year 2016-17.

The Company has made an application for listing of equity shares on National Stock Exchange of India Limited (NSE) and is yet to obtain the approval from NSE.

The Board of Directors of the Company has approved for voluntary delisting of equity shares from Calcutta Stock Exchange Limited (CSE) and the process is observed for delisting of equity shares from CSE in accordance with SEBI (Delisting of Equity Shares) Regulation, 2009.

**Performance and financial position of each of the subsidiaries, associates and joint venture**

Your Company does not have any Subsidiary, Joint Venture or Associate Companies.

**Number of Meetings of the Board of Directors**

During the year ended March 31, 2016, Seven Board Meetings were held.

The dates on which the Board meetings were held are May 09, 2015, August 12, 2015, August 28, 2015, September 11, 2015, November 14, 2015, February 10, 2016 and February 29, 2016.

Details of number of Meetings attended by each Director have been given in the corporate governance report which forms part of this Annual Report.

**Directors Responsibility Statement as required under Section 134 of the Companies Act, 2013**

Pursuant to the requirement under Section 134 of the Companies Act, 2013, with respect to the Directors' Responsibility Statement, the Board of Directors of the Company hereby confirms:



- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of Profit and Loss Account of the Company for that period;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the Financial Year ended March 31, 2016 on a going concern basis;
- v) that the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- vi) That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Statement on Declaration given by Independent Directors under Sub-Section (6) of Section 149**

The independent directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Companies Act, 2013 stating that they meet the criteria of independence as provided in sub-section(6).

**Particulars of Loans, Guarantees or Investments under Section 186**

Pursuant to Section-186 of the Companies Act, 2013 and Schedule V of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 ("Listing Regulations" ) the Company neither has, directly nor indirectly, given any loan to its Directors nor extended any guarantee or provide any security in connection with any loan taken by them. Further, the company has neither given any inter-corporate loan/advance nor made any investments in other companies during the financial year 2015-16.

**Particulars of Contracts or Arrangements with Related Parties Referred to in Sub-Section (1) of Section 188**

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 are prepared in Form No. AOC-2 pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 and the same is enclosed as **Annexure - 1** to this Report.

**Transfer of Amount to Reserves**

The Company doesn't propose to transfer any amount to the general reserve for the Financial Year ended 31st March, 2016.

**Dividend**

The Board of Directors of the Company could not recommend Dividend for the financial year ended March 31, 2016.

**Share Capital**

Authorized Share Capital: There was no change in the authorized share capital of the Company during the year under review.

Paid up Share Capital:

59,82,720 equity shares of Rs.10/- each were allotted to the shareholders of GSAL (India) Ltd. on May 9, 2015 as per the terms of amalgamation.

1,80,52,092 Equity Shares of Rs. 10/- each and 1,86,08,750 10.5% Non-convertible Redeemable Preference Shares of Rs. 10/- each were allotted to the shareholders of Simhadri Power Limited on January 27, 2016 as per the terms of amalgamation with the Company.

As a result, the issued, subscribed and paid up share capital of the Company increased to Rs. 94,59,35,620/- comprising of 7,59,84,812 equity shares of Rs. 10/- each and 1,86,08,750 10.5% Non-Convertible Redeemable Preference Shares of Rs. 10/- each.

Listing Permissions and Trading Approvals for all equity shares allotted during the year have been obtained and traded on Bombay Stock Exchange.

The Company has not issued any shares with differential rights and hence no information as per the provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

**Deposits**

The Company has not accepted any deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet, in terms of Section 73 of the Companies Act, 2013.

**Extracts of Annual Return**

The Extracts of Annual Return is prepared in Form MGT-9 as per the provisions of the Companies Act, 2013 and Rule 12





of Companies (Management and Administration) Rules, 2014 and the same is enclosed as **Annexure - 2** to this Report. **The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to provisions of Section 134(3)(m) of the Companies Act, 2013 (Act) read with the Companies (Accounts) Rules, 2014.**

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2014 is prepared and the same is enclosed as **Annexure-3** to this Report.

#### **Risk Management Committee**

The Board of Directors has formed a risk management committee to identify, evaluate, mitigate and monitor the risk associated with the business carried by the company. The committee reviews the risk management plan and ensures its effectiveness. A mechanism has been put in place which will be reviewed on regular intervals.

#### **Corporate Social Responsibility Committee**

Corporate Social Responsibility is commitment of the Company to improve the quality of life of the workforce and their families and also the community and society at large. The Company believes in undertaking business in such a way that it leads to overall development of all stakeholders and Society. Company has been pursuing CSR activities long before they were made mandatory under the Companies Act, 2013. A report on Corporate Social Responsibility (CSR) Policy and Activities as per Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended with this report as **Annexure-4** and link to the CSR policy is available at the website <http://seil.co.in>.

#### **Committees of the Board:**

The Board has Audit Committee, Nomination and Remuneration Committee, Stakeholder's Relationship Committee and Corporate Social Responsibility Committee. The details of these committees have been given in the Corporate Governance Report forming part of the Annual Report.

#### **Corporate Governance**

A separate report on Corporate Governance is annexed as part of the Annual Report along with the Auditor's Certificate on its compliance.

#### **Management Discussion and Analysis**

Management Discussion and Analysis Report for the year under review, as stipulated under Listing Regulations, is annexed herewith which forms part of this report.

#### **Whistle Blower Policy and Mechanism**

The Board of Directors has adopted Whistle Blower Policy. The Whistle Blower Policy aims for conducting the affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior. All permanent employees of the Company are covered under the Whistle Blower Policy.

A mechanism has been established for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of Code of Conduct and Ethics. It also provides for adequate safeguards against the victimization of employees who avail of the mechanism and allows direct access to the Chairperson of the audit committee in exceptional cases.

#### **Board Evaluation**

The Board of Directors has carried out an annual evaluation of its own performance, board committees and individual directors pursuant to the provisions of the Act and the corporate governance requirements as prescribed by SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The performance of the Board was evaluated by the board after seeking inputs from all the directors on the basis of the criteria such as the board composition and structure, effectiveness of the board processes, in formation and functioning etc. In a separate meeting of independent directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of the independent directors, at which the performance of the board its committees and individual directors was also discussed. Performance evaluation of independent directors was done by the entire board, excluding the independent director being evaluated.

#### **Directors**

Mr. Bavineni Suresh and Mr. Veeramachaneni Venkata Krishna Rao, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

The office of Mr. B. Satish Kumar was completed on 29th February, 2016 as the Managing Director for a period of three years and Mr. B. Satish Kumar was re-appointed as Managing director w.e.f 01.03.2016 for a period of three years as recommended by the Nomination and Remuneration Committee.

#### **Details of Directors or Key Managerial Personnel Who were appointed or have resigned during the Year**

Shri. B. Satish Kumar (DIN: 00163676) was reappointed as Managing Director of the Company for a further period of three



years with effect from 01st March, 2016 pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Mr. B. Narahari, Company Secretary resigned as Company Secretary of the Company w.e.f. March 01, 2016.

Mr. L. Babu Are, Company Secretary was appointed as Company Secretary of the Company w.e.f. May 02, 2016 pursuant to provisions of Section 203 of the Companies Act, 2013.

#### **Policy on Directors' Appointment and Remuneration**

A gist of policy of the Company on Directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters, as required under sub-section (3) of Section 178 of the Companies Act, 2013 is available in the Corporate Governance Report.

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178 (3) of the Act have been disclosed in the corporate governance report. Under Section 178 (3) of the Companies Act, 2013, the Nomination and Remuneration Committee of the Board has adopted a policy for nomination, remuneration and other related matters for directors and senior management personnel.

#### **Statutory Auditors**

At the Annual General Meeting held on December 31st 2014, M/s. Pavuluri & Co, Chartered Accountants (Firm Registration No. 012194S), Hyderabad, were appointed as Statutory Auditors of the Company to hold office for a period of Five years i.e., till the conclusion of the Annual General Meeting to be held in the calendar year 2019.

In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditors shall be placed for ratification at every Annual General Meeting. Accordingly, the said appointment of M/s. Pavuluri & Co, Chartered Accountants (Firm Registration No. 012194S), Hyderabad, as statutory auditors of the Company is placed for ratification by the Shareholders.

As required under section 139 of the Companies Act, 2013, the Company has obtained written consent from M/s. Pavuluri & Co, Chartered Accountants (Firm Registration No. 012194S), Hyderabad, to such appointment and also a certificate from the auditors to the effect that if their appointment is ratified, it would be in accordance with the provisions of Section 139(1) of the Act and the rules made there under.

The Board of Directors and the Committee thereof, recommended the appointment and the resolution forms part of the agenda at the ensuing Annual General Meeting. The Auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

The Statutory Auditor's Report does not contain any qualifications, reservation or adverse remarks. This report forms part of the Annual Report.

#### **Cost Auditors:**

The Products classified as "Steel and Electricity" manufactured by the Company are subject to Cost Audit in terms of Sec. 148 of the Companies Act 2013 read with the rules issued there under by the Central Government.

Accordingly M/s. DZR & Co., Cost Accountants have been re-appointed as the Cost Auditors for the year ending 31st March 2017.

The Cost Audit Report for year ended 31st March 2015 was reviewed by the Audit Committee at its meeting held on September 11, 2015 and has been filed on November 23, 2015.

#### **Internal Auditors**

The Board of Directors of the Company has appointed M/s Bhavani & Co Chartered Accountants to conduct Internal Audit of the Company for the Financial Year ended 31st March, 2016.

#### **Secretarial Auditor's Report**

As per the provisions of Section 204 of the Companies Act, 2013, the Board of Directors have appointed BSS & Associates, Company Secretaries as Secretarial Auditors to conduct Secretarial audit of the company for the Financial year ended on March 31, 2016.

Secretarial Audit Report issued by Mr. S. Srikanth, Partner of M/s BSS & Associates, Company Secretaries in form MR-3 is enclosed as **Annexure - 5** to this Annual Report.

There are no qualifications in Secretarial Audit Report.

#### **Statement of particulars of appointment and remuneration of managerial personnel**

The ratio of remuneration of each director to the median of employee's remuneration as per Section 197(12) of the Companies Act, 2013, read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as **Annexure - 6** to this Annual Report.

**Insurance**

All properties and insurable interests of the Company including building, plant and machinery and stocks have been fully insured.

Details in respect of adequacy of internal financial controls with reference to the Financial Statements

1. The Company has set internal control systems to maintain accurate and complete accounting records, to safeguard its assets, to prevent and detect any frauds and errors.
2. The Company has appointed Internal Auditors to observe the Internal Controls and whether the work flows of organization are being done through the approved policies of the Company. In every Quarter during the approval of Financial Statements, Internal Auditors will present the Internal Audit Report and Management Comments on the Internal Audit observations; and

**The companies which have become or ceased to be Company's Subsidiaries, joint ventures or associate companies during the year are:**

Nil

**Change in the nature of business**

There is no change in the nature of business of the Company.

The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

There 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

**Material changes and commitments**

There are no Material changes and commitments in the business operations of the Company from the financial year ended 31st March, 2016 to the date of signing of the Director's Report.

**Policy on Sexual Harassment**

The Company has adopted policy on Prevention of Sexual Harassment of Women at Workplace in accordance with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the financial year ended 31st March, 2016, the Company has not received any Complaints pertaining to Sexual Harassment.

**Industrial Relations and Human Resources**

Your company believes that its employees are one of the most valuable assets of the Company and the Board appreciates the employees across the cadres for their dedicated service to the company and expects their continuous support and higher level of productivity for achieving the targets set for the company. During the year under review, the company organized various training programmes at all levels to enhance skills of employees. The total employee strength is over 1420 as on 31st March, 2016.

**Acknowledgement**

The Directors take this opportunity to place on record their sincere thanks to the Banks and Financial Institutions, Insurance Companies, Central and State Government Departments and the shareholders for their support and co-operation extended to the Company from time to time. Directors are pleased to record their appreciation of the dedicated services of the employees and workmen at all levels.

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 31.08.2016

**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN: 00163676)



**Disclosure of Particulars of Contracts/Arrangements entered into by the Company  
Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the  
Companies (Accounts) Rules, 2014)

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

There were no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 during the year ended March 31, 2016, which are not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis

There were no contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 during the year ended March 31, 2016, which were at arm's length basis.

For and on behalf of the Board of Directors

Place: Hyderabad  
Date: 31.08.2016

**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN: 00163676)

**Form No.MGT-9****EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31st March 2016

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

**I. REGISTRATION AND OTHER DETAILS:**

CIN	:	L74100AP1999PLC031191
Registration Date	:	24.02.1999
Name of the Company	:	Steel Exchange India Limited
Category / Sub-Category of the Company	:	Company Limited By Shares/ Indian Non-Government Company
Address of the Registered office and contact details	:	303, My Home Laxmi Nivas, Green Lands, Ameerpet, Hyderabad-500016, Telangana
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	M/s Venture Capital And Corporate Investments Private Limited. 12-10-167, Bharath Nagar, Hyderabad-500018 Ph: +91 040-23818475/23818476/23868023 Fax : +91 40 23868024 Email: info@vccilindia.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY : Manufacturing**

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	Rebars (TMT)-Manufacturing	27151/27152	37%
2	Power	35102	9.55%
3	Rebars (TMT)-Trading	51420	54%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
NIL					


**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):**

## i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	9,304,152	-	9,304,152	17.91	9,522,052	-	9,522,052	12.53	-5.38
b) Central Govt	-	-	-	-	-	-	-	-	Nil
c) State Govt(s)	-	-	-	-	-	-	-	-	Nil
d) Bodies Corp.	19,054,590	-	19,054,590	36.68	27,522,765	-	27,522,765	36.22	-0.46
e) Banks / F	-	-	-	-	-	-	-	-	Nil
f) Any other	-	-	-	-	-	-	-	-	Nil
<b>Sub-total(A)(1):</b>	<b>28,358,742</b>	<b>-</b>	<b>28,358,742</b>	<b>54.59</b>	<b>37,044,817</b>	<b>-</b>	<b>37,044,817</b>	<b>48.75</b>	<b>-5.84</b>
(2) Foreign	211,504	-	211,504	0.41	211,504	-	211,504	0.28	-0.13
a) NRIs-Individuals	-	-	-	-	-	-	-	-	Nil
b) Other-Individuals	0	0	0	0	0	0	0	0	Nil
c) Bodies Corp.	0	0	0	0	0	0	0	0	Nil
d) Banks / FI	0	0	0	0	0	0	0	0	Nil
e) Any other	0	0	0	0	0	0	0	0	Nil
<b>Sub-total (A)(2):</b>	<b>211,504</b>	<b>0</b>	<b>211,504</b>	<b>0.41</b>	<b>211,504</b>	<b>0</b>	<b>211,504</b>	<b>0.28</b>	<b>-0.13</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>28,570,246</b>	<b>-</b>	<b>28,570,246</b>	<b>55.00</b>	<b>37,256,321</b>	<b>-</b>	<b>37,256,321</b>	<b>49.03</b>	<b>-5.97</b>
<b>B. Public Shareholding</b>									
(1) Institutions									
a) Mutual Funds	-	-	-	-	34,604	-	34,604	0.50	0.50
b) Banks / FI	300,000	-	300,000	0.58	1,522,186	-	1,522,186	2.00	1.42
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others	-	-	-	-	3,050,197	-	3,050,197	4.01	4.01
<b>Sub-total (B)(1):</b>	<b>300,000</b>	<b>-</b>	<b>300,000</b>	<b>0.58</b>	<b>4,606,987</b>	<b>-</b>	<b>4,606,987</b>	<b>6.06</b>	<b>5.48</b>
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	6,120,666	-	6,120,666	11.78	12,686,967	-	12,686,967	16.70	4.92
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2,390,496	128,228	2,518,724	4.85	7,139,504	-	7,139,504	9.40	4.55



Category of Shareholders	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	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	13,574,229	699,500	14,273,729	27.48	13,864,325		13,864,325	18.25	-9.23
c) Others (specify)									
Clearing Members	101,478		101,478	0.20	258,651		258,651	0.34	0.14
Trust	1,000		1,000	-	87,399		87,399	0.12	0.12
Non Resident Individuals	52,957	11,200	64,157	0.12	84,658		84,658	0.11	-0.01
<b>Sub-total(B)(2):</b>	<b>22,240,826</b>		<b>23,079,754</b>	<b>44.43</b>	<b>34,121,504</b>		<b>34,121,504</b>	<b>44.92</b>	<b>0.49</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>22,540,826</b>		<b>23,379,754</b>	<b>45.01</b>	<b>38,728,491</b>		<b>38,728,491</b>	<b>50.97</b>	<b>5.96</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs(C)</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>51,111,072</b>	<b>838,928</b>	<b>51,950,000</b>	<b>100</b>	<b>75,984,812</b>		<b>75,984,812</b>	<b>100</b>	<b>-</b>



## ii. SHAREHOLDING OF PROMOTERS:

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the Year			% Change during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	UMASHIV GARMENTS PVT LTD	15214090	29.29	15,182,219	18209115	23.96	15,182,219	-5.33
2	BRAHMA CHEMICALS LIMITED	2030000	3.91	-	2030000	2.67	-	-1.24
3	BANDI SURESH KUMAR	1545450	2.97	1,542,950	1549950	2.04	1,542,950	-0.93
4	MAA GAYATRI LOHH PRODUCTS LIMITED	1520000	2.93	-	1520000	2.00	-	-0.93
5	BANDI JAYA PADMAVATHI	1325596	2.55	1,325,596	1325646	1.74	1,325,596	-0.81
6	BAVINENI SURESH	1135850	2.19	1,134,350	1138350	1.50	1,134,350	-0.69
7	BAVINENI JYOTHI KIRAN	1127914	2.17	1,127,964	1127964	1.48	1,127,914	-0.69
8	RAJESH BAVINENI	775286	1.49	775,286	775336	1.02	775,286	-0.47
9	V VENKATA KRISHNA RAO	643736	1.24	642,236	643736	0.85	642,236	-0.39
10	BANDI SATISH KUMAR	552194	1.06	550,694	645944	0.85	550,694	-0.21
11	BAVINENI LAVANYA	491096	0.95	491,096	491146	0.65	491,096	-0.30
12	BANDI SUGUNA	433150	0.83	433,150	433150	0.57	433,150	-0.26
13	BANDI RAMESH KUMAR	409122	0.79	408,820	409172	0.54	408,820	-0.25
14	V RAJYA LAKSHMI	340908	0.66	340,908	340908	0.45	340,908	-0.21
15	RAVI C. NARAYANAN	211504	0.41	-	211504	0.28	-	-0.13
16	K V BHASKAR	186328	0.36	186,328	186328	0.25	186,328	-0.11
17	SRIJAN BABU V	114886	0.22	114,886	114886	0.15	114,886	-0.07
18	K JELUSIA	113636	0.22	113,636	113636	0.15	113,636	-0.07
19	BANDI ARUNAKANTHI	101000	0.19	101,000	217900	0.29	101,000	0.10
20	VPL PROJECTS PVT LIMITED	290500	0.56	-	5763650	7.58	-	7.02
21	B SUDHA	8000	0.02	-	8000	0.01	-	-0.01
<b>Total</b>		<b>28,570,246</b>	<b>55.00</b>	<b>24,471,119</b>	<b>37,256,321</b>	<b>49.03</b>	<b>24,471,069</b>	<b>-5.97</b>



**iii. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):**

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	28,570,246	55.00		
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	8,474,571	11.15
	At the End of the year			37,044,817.00	48.75

**iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	VBC FERRO ALLOYS LTD				
	At the beginning of the year	-	-	46,29,540	6.09
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	46,29,540	6.09

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
2.	ROSE CITY HOLDINGS LTD.				
	At the beginning of the year	-	-	30,50,197	4.01
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	30,50,197	4.01



Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3.	MARIDI RAMA KRISHNA				
	At the beginning of the year	1340000	2.58	-	-
	Date wise Increase / Decrease in "Share holding during the year" specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	639,399	0.84
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	1,979,399	2.60

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4.	JAIDEEP SINGH NAKAI				
	At the beginning of the year	-	-	12,50,000	1.64
	Date wise Increase / Decrease in "Share holding during the year" specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	-	-	-	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	12,50,000	1.64

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
5.	SRI RAM TEXTILES PRIVATE LIMITED				
	At the beginning of the year	840,000	1.62	-	-
	"Date wise Increase / Decrease in "Share holding during the year" specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):"	-	-	407,160	0.54
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	1,247,160	1.64



Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
6.	KONEM ANASUYA				
	At the beginning of the year	1,117,210	2.15	-	-
	"Date wise Increase / Decrease in"Share holding during the year"specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):"	-	-	-	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	1,117,210	1.47

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
7.	RAPARLA MALLIKHARJUNA RAO				
	At the beginning of the year	1,059,500	2.04	-	-
	"Date wise Increase / Decrease in"Share holding during the year"specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):"	-	-	-	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	1,059,500	1.39

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8.	SMARK SECURITIES LIMITED				
	At the beginning of the year	938815	1.81	-	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	938,815	1.24



Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9.	DUVVURU VIJAY KUMAR REDDY				
	At the beginning of the year	856,000	1.65	-	-
	Date wise Increase / Decrease in Share holding during the year	-	-	-	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	856,000	1.13

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
10.	TARADEVI RATANLAL BAFNA				
	At the beginning of the year	712,226	1.37	-	-
	Date wise Increase / Decrease in Share holding during the year	-	-	76.00	-
	At the End of the year ( or on the date of separation, if separated during the year)	-	-	712,150	0.94

**v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	<b>Directors</b>				
1	B SATISH KUMAR	552,194	1.06	645,944	0.85
2	B SURESH KUMAR	1,545,450	2.97	1,549,950	2.04
3	BHAVINENI SURESH	1,135,850	2.19	1,138,350	1.50
4	V V KRISHNA RAO	643,736	1.24	643,736	1.24
5	B. RAMESH KUMAR	409,122	0.79	409,172	0.54
6	SIVA PRASAD CHIVUKULA	1,000	0.00	10,000	0.01
7	R RAMACHANDRA RAO	-	-	-	-
8	K KRISHNA RAO	-	-	-	-
9	G VENKATA NARAYANA REDDY	-	-	-	-
10	SUJATA CHATTOPADHYAY	-	-	-	-
	<b>Key Managerial Personnel</b>				
1	V S RAKESH	-	-	-	-
2	B NARAHARI	-	-	-	-



**V. INDEBTEDNESS:**

Indebtedness of the Company including interest outstanding/accrued but not due for payment. Rs. In thousands

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	6583090.12	689827.75	0.00	7272917.87
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6583090.12</b>	<b>689827.75</b>	<b>0.00</b>	<b>7272917.87</b>
Change in Indebtedness during the financial year				
Addition	300000	5267.66	0.00	305267.66
Reduction	641599.39	202017.92	0.00	843617.31
Net Change	341599.38	196750.26	0.00	656172364
Indebtedness at the end of the financial year				
i) Principal Amount	6241490.74	493077.49	0.00	6734568.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>6,241,491</b>	<b>493,077.49</b>	<b>0.00</b>	<b>6,734,568.23</b>

Note: Indebtedness at the Beginning of the F.Y. includes SEIL AND SPL.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

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

Sl. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		B Satish Kumar Managing Director	B Suresh Kumar Joint Managing Director	B Ramesh Kumar Joint Managing Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6600000	6000000	6000000	18600000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	33940	0	0	33940
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission	0	0	0	0
	- as % of profit	0	0	0	0
	- others, specify	0	0	0	0
5	Others, please specify	0	0	0	0
	<b>Total (A)</b>	<b>6633940</b>	<b>6000000</b>	<b>6000000</b>	<b>18633940</b>
Ceiling as per the Act : Remuneration of Directors is within the limits specified in the Schedule V of the Companies Act, 2013.					


**B. REMUNERATION TO OTHER DIRECTORS :**

(in Rupees)

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Ch Siva Prasad	R Ramachandra Rao	K Krishna Rao	G.V Narayana Reddy	Sujata Chattopadhyay	
1	Independent Directors Fee for attending board / committee meetings	80000	80000	80000	30000	30000	300000
	Commission	-	--	-	-	-	-
	Others, please specify	-	-	-	--	-	-
	<b>Total (1)</b>	<b>80000</b>	<b>80000</b>	<b>80000</b>	<b>30000</b>	<b>30000</b>	<b>300000</b>
2	Other Non-Executive Directors						
	Fee for attending board / committee meetings	-	-	-			
	Commission	-	--				-
	Others, please specify	-	--				-
	Total (2)	-	--				-
	<b>Total (1+2)</b>	-	--				-
	<b>Total Managerial Remuneration</b>	-	-				-
	Ceiling as per the Act						-

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

(in Rupees)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,20,125	18,00,000	26,20,125
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	- others, specify	0	0	0
5	Others, please specify	0	0	0
	<b>Total</b>	<b>8,20,125</b>	<b>18,00,000</b>	<b>26,20,125</b>

**II PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:  
A. COMPANY**

Type	Section of the SEBI Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT/COURT)	Appeal made, if any (Give Details)
Penalty	15 a & 15 c	Failure in furnishing information to investor complaints	2,00,000	SEBI	NA
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

**B. DIRECTORS:**

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)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

**C. OTHER OFFICERS IN DEFAULT:**

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)
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Place: Hyderabad  
Date: 31-08-2016**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN: 00163676)



The conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of section 134(3) (m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014:

**A. CONSERVATION OF ENERGY:**

- 1) The steps taken or impact on conservation of energy:
  - a. Oil purification machine-for maintaining the Oils quality & thereby conservation of lubricating Oil
  - b. VFD are installed for molasses pumps in Briquetting machine and weigh feeders of DRI feed system
- 2) The steps taken by the Company for utilizing alternate sources of energy: NA
- 3) The Capital investment on energy conservation equipment: -N.A.-
  - a. Installed Variable Frequency Drives (VFD) for pumps in the SMS to save the energy on regulating the valves.
  - b. Installed Variable frequency drives for Hot Charging System for efficient operation
  - c. Stoppage of Re-Heating Furnace completely and Re-rolling of Billets completely through Hot-Charging.
  - d. OMNI Screen was installed in DRI-RMPP coal stream with an investment of 1Cr to reduce the fines generation by avoiding long distance travel through exiting belt conveyors, which in turn reducing the Power consumption of Belt conveyors.

**B. TECHNOLOGY ABSORPTION: Nil**

- i. The Efforts made towards technology absorption: Nil
- ii. The Benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- iii. Details of technology imported during the past 3 years:

No technology has been imported during the past 3 years.

- a. The details of technology import: Nil
- b. The year of import: Nil
- c. Whether the technology has been fully absorbed: Nil
- d. If not fully absorbed, areas where absorption has not taken place, and the reasons thereof: -NIL-

- iv. The expenditure incurred on Research and Development: -N.A.-

**C. FOREIGN EXCHANGE EARNINGS AND OUT GO:**

- 1) The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

Rs. In lakhs

Particulars	March 31, 2016	March 31, 2015
Used	9635.38	7916.83
Earned	Nil	Nil

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 31-08-2016

**B. SATISH KUMAR**  
 Chairman & Managing Director  
 (DIN: 00163676)



**Report on Corporate Social Responsibility as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules, 2014**

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.
  - Education
  - Social Welfare
  - Charitable Trust
2. Composition of CSR Committee:

S.No.	Name	Category	Designation
1	Chivukula Sivaprasad	Independent Director	Chairman
2	Ramineni Ramachandra Rao	Independent Director	Member
3	Kodali Krishna Rao	Independent Director	Member

3. Average Net profit for last three Financial Years:

Net Profit	For the Financial Year ended (Rs.in Lakhs)		
	2014-15	2013-14	2012-13
	<b>3063.24</b>	<b>3909.69</b>	<b>4034.48</b>
Average Net Profit for the preceding three Financial Years	3669.13		

1. Prescribed CSR expenditure (2% of Average Net Profit) : **Rs. 73.38**
2. Details of CSR spend for the financial year:
  - a. Total amount spent for the financial year: **Rs. 31.21**
  - b. Amount unspent, if any: **Rs. 42.17**
  - c. Manner in which the amount spent during the financial year is detailed below:
3. The Company has spent two percent of average net profits of the last three financial years.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2)Overhead s	Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
1	Education	Education	Local Area	6,71,060	6,71,060	6,71,060	6,71,060
2	Park Development	Rural Development	Local Area	1,52,330	1,52,330	1,52,330	1,52,330
3	Social Welfare	Drinking water supply by tankers	Local Area	8,97,851	8,97,851	8,97,851	8,97,851
4	Health care	Medical	Local Area	11,49,692	11,49,692	11,49,692	11,49,692
5	Charitable Trust	Charity	Local Area	20,50,000	20,50,000	20,50,000	20,50,000
	<b>Total</b>			<b>31,20,933</b>	<b>31,20,933</b>	<b>31,20,933</b>	<b>31,20,933</b>

4. Reasons for not spending the amount:  
The company is in the process of identifying the social activity in the rural area for needy. The unspent amount will be spend in future years for social activities.
5. We hereby confirm that the Implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company. For and on behalf of Corporate Social Responsibility Committee

Place: Hyderabad  
Date: 31-08-2016

**Chivukula Sivaprasad**  
Chairman of the Committee

**Ramineni Ramachandra Rao**  
Member



**Form No. MR-3**  
**Secretarial Audit Report**  
**For the Financial Year ended 31st March, 2016**

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

To,  
The Members,  
**Steel Exchange India Limited,**  
CIN: L74100AP1999PLC031191,  
303, My Home Laxmi Nivas,  
Green Lands, Ameerpet,  
Hyderabad,  
Telangana-500016

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. Steel Exchange India Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of M/s. Steel Exchange India Limited'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 March 31, 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, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Companies Act, 1956 (to the extent applicable) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) 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.
- 5) 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, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d. Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities Exchange Board of India (Share Based Employee Benefit) Regulations, 2014 (effective 28th October 2014) - **Not applicable to the Company during the financial year;**
  - e. Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable as the Company has not issued any debt securities;**
  - f. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**
  - g. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the financial year under review; and**
  - h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back / propose to buyback any of its securities during the financial year under review.**



6. Other laws applicable specifically to the Company namely:
- i- The Electricity Act, 2003
  - ii- Indian Boilers Act, 1923
  - iii- Explosives Act, 1884
  - iv- National Tariff Policy
  - v- Mines Act, 1952

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

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India which was notified by the Central Government on April 23, 2015 and which was effect from July 1, 2015; and
- (ii) The erstwhile Listing Agreement entered into by the Company with stock exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 notified with effect from 1st December, 2015.

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

**We further report that**, on examination of the relevant documents and records and based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit, and also on the review of quarterly compliance reports by respective department heads / Company Secretary / Managing Director taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with applicable general laws.

**We further report that**, the Board of Directors of the Company is duly constituted. 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 was given to all Directors to schedule the Meetings of the Board and its Committees. Agenda and detailed notes on agenda were sent to all the directors at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications as may be required on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and there were no dissenting views.

**We further report that**, based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Company Secretary and taken on record by the Board of Directors at their meeting(s), we are of the opinion that the management has adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

**We further report that**, during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

- i. Shareholders of GSAL (India) Limited have been allotted 59,82,720 equity shares of Rs.10/- each of the Company as per the Scheme of Merger duly approved by the Hon'ble BIFR vide its orders dated August 27, 2012.
- ii. Shareholders of Simhadri Power Limited have been allotted 1,80,52,092 equity shares of Rs. 10/-each and 1,86,08,750 10.5% Non-convertible Redeemable Preference Shares or Rs. 10/- each of the Company in accordance with the Scheme of Amalgamation approved by the Honourable High Court of Hyderabad for the State of Telangana and the State of Andhra Pradesh.

For **B S S & Associates**  
**Company Secretaries**

**S.Srikanth**  
Partner

ACS No.: 22119  
C P No.: 7999

Place: Hyderabad  
Date: 22-08-2016



This Report is to be read with our letter of even date which is annexed to the report and forms an integral part of this report.

To,  
The Members,  
**Steel Exchange India Limited,**  
CIN: L74100AP1999PLC031191,  
303, My Home Laxmi Nivas,  
Green Lands, Ameerpet,  
Hyderabad,  
Telangana-500016

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 process 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. Wherever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For B S S & Associates  
Company Secretaries**

**S.Srikanth**  
Partner

ACS No.: 22119  
C P No.: 7999

Place: Hyderabad  
Date: 22-08-2016



**Statement of particulars as per Rule 5 of Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014.**

**(I) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year:**

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Ratio of the remuneration to the median remuneration of the employees</b>
1	B. SATISH KUMAR	37.30
2	B. SURESH KUMAR	33.91
3	B.RAMESH KUMAR	33.91
4	V. V. KRISHNA RAO	NA
5	B. SURESH	NA
6	R. RAMACHANDRA RAO*	NA
7	C. SIVA PRASAD*	NA
8	K. KRISHNA RAO*	NA
9	G. VENKATA NARAYANA REDDY*	NA
10	SUJATA CHATTOPADHYAY*	NA

\* Mr. R. Ramachandra Rao, Mr. C. Siva Prasad, Mr.K.Krishna Rao, Mr. G. Venkata Narayana Reddy and Ms. Sujata Chattopadhyay were paid sitting fees for attending the Meetings.

**(ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary in the financial year**

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>Percentage increase in remuneration</b>
1	B. SATISH KUMAR*	NIL
2	B. SURESH KUMAR*	NIL
3	B.RAMESH KUMAR*	NIL
4	V. V. KRISHNA RAO	NIL
5	B. SURESH	NIL
6	R. RAMACHANDRA RAO**	NIL
7	C. SIVA PRASAD**	NIL
8	K. KRISHNA RAO**	NIL
9	G. VENKATA NARAYANA REDDY**	NIL
10	SUJATA CHATTOPADHYAY**	NIL
11	V.S.RAKESH	NIL
12	B.NARAHARI	NIL

\* There was no increase in Remuneration paid to Managing Director and Joint Managing Directors of the company during the Financial Year ended 31.03.2016

\*\* Mr. R. Ramachandra Rao, Mr. C. Siva Prasad, Mr.K.Krishna Rao, Mr. G. Venkata Narayana Reddy and Mrs. Sujata Chattopadhyay were paid sitting fees for attending the Meetings.



(iii) The percentage increase in the median remuneration of employees in the financial year is 10.05%

(iv) The number of permanent employees on the rolls of company as on 31.03.2016

There are 540 permanent employees on the rolls of the Company.

(v) The explanation on the relationship between average increase in remuneration and company performance: there is no increase in the remuneration

Sl. No.	Average increase in remuneration	Company performance
1	NIL	Net profit of the Company Decreased by 74.02 %

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company

Sl. No.	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March, 2016
1	Rs. 9,220,125	Rs 73,907,550/- (Net Profit)

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

Sl. No.	Particulars	As at March 31, 2016		As at March 31, 2015	
		BSE	Rs.	BSE	Rs.
1	Market Capitalization	BSE	Rs.269.37	BSE	Rs.200.52 Cr
2	Price Earnings Ratio	BSE	29.06	BSE	7.04

**Market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:**

There are three Whole Time Directors i.e., B. Satish Kumar, Managing Director and B. Suresh Kumar, Joint Managing Director and B. Ramesh Kumar; Joint Managing Director. There was no increase in Remuneration paid to Whole Time Directors during the Financial Year ended March 31, 2016.

- BSE Limited: Rs.35.45

(viii) 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.

There are three Whole Time Directors i.e., B. Satish Kumar, Managing Director and B. Suresh Kumar, Joint Managing Director and B. Ramesh Kumar; Joint Managing Director. There was no increase in Remuneration paid to Whole Time Directors during the Financial Year ended March 31, 2016.



**(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company.**

Sl. No.	Name	Remuneration of Key Managerial Personnel	Performance of the Company for the year ended 31st March, 2016
1	Mr. Bandi Satish Kumar, Managing Director	Rs. 6,600,000	Rs 73,907,550/- (Net Profit)
2	Mr. V.S. Rakesh Chief Financial Officer	Rs. 1,800,000	Rs 73,907,550/- (Net Profit)
3	Mr. B. Narahari Company Secretary	Rs. 8,20,125	Rs 73,907,550/- (Net Profit)

**(x) The key parameters for any variable component of remuneration availed by the directors**

Except salary there is no addition to the monthly remuneration. The Remuneration is paid on the performance of the Company upon recommendation of Nomination and Remuneration Committee.

**(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year. -N.A.-**

(xii) The Remuneration paid to Key Managerial Personnel is as per the Remuneration policy of the Company.

For and on behalf of the Board of Directors

Place: Hyderabad  
Date: 31-08-2016

**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN: 00163676)



**Statement of Particulars of Employees Pursuant to the Provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sl. No.	Name & Designation	Remuneration received	Nature of employment	Qualifications and experience of the employee	Date of commencement of employment	Age	The last employment held before joining the company	The percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) of Rule 5	Whether is a relative of any director or manager of the company
1.	Mr. Bandi Satish Kumar Managing Director	Rs. 6,600,000	Contractual	25 years	24/02/1999	56 Years	NA	1.06%	Brother of Mr. Bandi Suresh Kumar and Mr. Bandi Ramesh Kumar
2.	Mr. Bandi Suresh Kumar Joint Managing Director	Rs. 6,000,000	Contractual	20 years		52 Years	Vizag Profiles Pvt Ltd	2.97%	Brother of Bandi Satish Kumar and Mr. Bandi Ramesh Kumar
3.	Mr. Bandi Ramesh Kumar* Joint Managing Director	Rs. 6,000,000	Contractual	22 years	09/02/2015	54 Years	Simhadri Power Ltd	0.79%	Brother of Bandi Satish Kumar and Mr. Bandi Suresh Kumar

Notes:

- Gross Remuneration includes salary, taxable allowances, commission, and value of perquisites as per the Income-tax Rules, 1962 and Company's contribution to provident fund/superannuation fund.

For and on behalf of the Board of Directors

Place: Hyderabad  
Date: 31-08-2016

**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN: 00163676)





**REPORT ON CORPORATE GOVERNANCE**

In terms of Compliance to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) on Corporate Governance, your Company is complying with the Listing Regulations. The report for the year ended on 31st March, 2016 is as follows:

**1. Company's philosophy on Corporate Governance**

The Company firmly believes in and has consistently been practicing good Corporate Governance. The Company's philosophy of Corporate Governance is aimed at maximizing the shareholder's interest and protection of the interest of the other stakeholders through proper and full disclosure of material facts and achievement of the highest levels of transparency, accountability and equity in all facets of its operations. Your company has complied with all applicable guidelines and regulations as stipulated by the Securities Exchange Board of India as to the Corporate Governance.

**2. Board of Directors**

As at March 31, 2016, the Board of Directors ("Board") of the company comprised Ten Directors. The Board consists of three whole-time Directors i.e. a Chairman & Managing Director, two Joint Managing Directors and Seven Non-Executive Directors. Five of the Non-Executive Directors are Independent Directors one of whom is a woman Director. The Company has an executive Chairman and 5 (Five) independent directors, comprise a balanced Board. The composition of the Board is in conformity with requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

a. The composition/ category of Directors/Attendance at Meetings/ Directorships and Committee Memberships in other Companies:

S. No	Name of the Director	Category	No. of Board Meetings attended out of Seven meetings held 2015-16	Whether attended last AGM	No. of Directorships and Committee Membership/Chairmanship as on 31.03.2016		
					Directorships	Committee Memberships	Committee Chairmanship
1	Bandi Satish Kumar	Executive Director (Promoter)	7	YES	3	1	Nil
2	Bandi Suresh Kumar	Executive Director (Promoter)	4	YES	5	Nil	Nil
3	B. Ramesh Kumar	Executive Director (Promoter)	7	YES	1	Nil	Nil
4	Veeramachaneni Venkata Krishna Rao	Non-Executive Director (Promoter)	5	YES	1	Nil	Nil
5	Bavineni Suresh	Non-Executive Director (Promoter)	6	YES	4	Nil	Nil
6	Ramineni Ramachandra Rao	Independent Director	5	YES	3	3	1
7	Kodali Krishna Rao	Independent Director	7	YES	Nil	2	Nil
8	Siva Prasad Chivukula	Independent Director	7	YES	1	3	2
9	Venkata Narayana Reddy Godi	Independent Director	6	YES	Nil	Nil	Nil
10	Sujata Chattopadhyay	Independent Director	5	YES	3	1	1



- This excludes Directorships held in Private & Foreign Companies and Companies incorporated under section-8 of the Companies Act, 2013.
- In accordance with Reg.26 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Memberships/Chairmanships of Committees include Audit Committee and Stakeholders' Relationship Committee of Public Company have been considered.
- None of the Directors is a director in more than 20 Companies and more than 10 public limited companies in terms of Sec-165 of the Companies Act, 2013.
- None of the Directors is a member of neither more than Ten Committees, nor acts as Chairman of more than Five Committees across all companies in which they are Directors, as required Regulation 26 of the Listing Regulations.
- The Independent Directors fulfill the requirements stipulated in Regulation 25 (1) of the Listing Regulations.

b) No. of Board Meetings held during the Financial Year 2015-16 and dates on which held:

During the year ended March 31, 2016, Seven Board Meetings were held as against the minimum requirement of four meetings.

The dates on which the Board meetings were held are May 9, 2015, August 12, 2015, August 28, 2015, September 11, 2015, November 14, 2015, February 10, 2016 and February 29, 2015. All the meetings were held in such manner that the gap between two consecutive meetings was not more than one hundred and twenty days.

- c) Relationship between Directors: Mr. B. Satish Kumar, Mr. B. Suresh Kumar and Mr. B. Ramesh Kumar are related as Brothers. No other Director is related to any other Director on the Board.
- d) Number of securities held by each director are given in the Board's Report.
- e) Independent Directors: The Independent Directors, who are from diverse fields of expertise and have long standing experience and expert knowledge in their respective fields are very relevant as well as of considerable value for the Company's business.

As part of familiarization program as required under Listing Regulation, the Directors have been appraised during the Board Meetings about the amendments to the various enactments viz., Companies Act, 2013 ('the Act'), Listing Regulations, Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of unpublished Price Sensitive Information etc.

During the year, a separate meeting of the Independent Directors was held on February 10, 2016 without the presence of Non-Executive Directors /Managing Director and Joint Managing Directors to discuss the matter as required/agreed among them.

Further familiarization programs and the terms & conditions of appointment of the Independent Directors as required under the Companies Act, 2013 & Listing Regulations are updated on the Company's website at [www.seil.co.in](http://www.seil.co.in)

- e) Formal annual evaluation: The Board of Directors has carried out an annual evaluation of its own performance, its Committees and individual Directors pursuant to the requirements of the Act and Listing Regulations.
- g) Function and Procedure of Board: Board meets regularly to make and review policies. The role, functions and responsibilities of the Board are well defined. All relevant information as required under the Listing Regulation and Companies Act, 2013 as amended from time to time is regularly placed before the Board. The Board periodically reviews the compliance reports submitted by the management in respect of all laws applicable to the Company.

### 3. Audit Committee:

As on 31st March, 2016, the Audit Committee of the Company comprises of Three Independent Directors who are having accounting and finance management expertise. The Chairman of the Audit Committee is Mr. Ch. Siva Prasad and Mr. R. Ramachandra Rao and Mr. K. Krishna Rao, are the other members of the Committee. The Annual General Meeting of the Company held on 30th September, 2015 was attended by the Chairman of the Audit Committee to address shareholders queries.

The representatives of the Statutory Auditors, Internal Auditors and Chief Financial Officer and General Manager Finance and Accounts are the invitees to the Audit Committee Meetings. The minutes of the meetings of the Audit Committee are circulated to all the members of the Board.



During the year 2015-16, the Audit Committee met Six times viz., on May 09, 2015, August 12, 2015, August 28, 2015, September 11, 2015, November 14, 2015 and February 10, 2016 and there were no instances, where the Board had not accepted the recommendations of the Audit Committee.

Particulars relating to the attendance at the Audit Committee meetings held during the year are given below:

Name of the Director	Designation	Number of Meetings	
		Held	Attended
Siva Prasad Chivukula	Chairman	6	6
Kodali Krishna Rao	Member	6	6
Ramineni Ramachandra Rao	Member	6	4

**The Role of the Audit Committee of the Company includes the following:**

1. Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;



16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

**4. Nomination and Remuneration Committee**

As on 31st March, 2016 Nomination and Remuneration Committee comprised of Three Directors namely, Mr. Ch. Siva Prasad, Mr. K. Krishna Rao and Mr. R. Ramachandra Rao.

During the year the Committee met once on 29.02.2016. The minutes of the meetings of the Nomination and Remuneration Committee are circulated to all the members of the Board.

Particulars relating the attendance at the Nomination and Remuneration Committee meetings held during the year are given below:

<b>Name of the Director</b>	<b>Designation</b>	<b>Category</b>	<b>No. of Meeting Held</b>	<b>No. of Meeting attended</b>
Siva Prasad Chivukula	Chairman	Independent	1	1
Kodali Krishna Rao	Member	Independent	1	1
Ramineni Ramachandra Rao	Member	Independent	1	0

➤ **Nomination and Remuneration policy**

The company has a standard remuneration policy for the Executive and Non-Executive Directors, which is periodically reviewed by the Nomination and Remuneration Committee. The Nomination and Remuneration (N&R) Committee has adopted a policy which inter alia, deals with manner of selection of Board of Directors and Key Managerial Personnel and their remuneration.

- The compensation of the executive directors comprises of fixed component and commission. The compensation is determined based on the remuneration prevailing in the industry and the performance of the Company. The remuneration package of the executive directors is periodically reviewed and suitable revision is recommended to the Board by the committee.
- The Non-executive Independent directors are paid sitting fees for attending meetings of Board/Committee.

➤ **Role of Nomination and Remuneration Committee:**

- identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- carry on the evaluation of every director's performance;
- formulation of the criteria for determining qualifications, positive attributes and independence of a director;
- recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- formulation of criteria for evaluation of Independent Directors and the Board;
- devising a policy on Board diversity; and
- any other matter as the Board may decide from time to time.

➤ **Details of remuneration to all the Directors**

The Remuneration paid to the Managing and Whole-time Directors during the year and the details of sitting fees



paid to the Directors for attending Board and Committee Meetings for the year ended March 31, 2016 are as follows

Name of the Director and Designation	Salary	Benefits/ allowance/ perquisites	Bonuses/ Commission	Pension	Stock Option**	Sitting Fees	No. of Shares held
Mr Bandi Satish Kumar Managing Director	6600000	33,940	-	-	-	-	645944
Mr. Bandi Suresh Kumar Joint Managing Director	6000000	-	-	-	-	-	1549950
Mr. Bandi Ramesh Kumar Joint Managing Director	6000000	-	-	-	-	-	409172
Mr. Veeramachaneni Venkata Krishna Rao	-	-	-	-	--	-	643736
Mr. Bavineni Suresh	-	-	-	--	-	-	1138350
Mr. Ramineni Ramachandra Rao	-	-	--	-	-	80000	nil
Mr. Kodali Krishna Rao	-	-	--	-	-	80000	nil
Mr. Siva Prasad Chivukula	-	-	-	--	-	80000	1000
Mr. Venkatanarayana Reddy Godi	-	-	-	--	-	30000	nil
Ms. Sujata Chattopadhyay	-	-	-	-	-	30000	nil

There were no severance fees, stock option plan or no performance linked incentives for the Executive/Non-Executive Directors. The appointment of Managing Director and Joint Managing Directors were made for a period of 3 years on the terms and conditions contained in the respective resolutions passed by the Members in the General Meetings.

No Director is related to any other Director on the Board, except Mr. B. Satish Kumar and Mr. B. Suresh Kumar and Mr. B. Ramesh Kumar are related as Brothers.

- Sitting Fees include payment for Board Level Committee Meetings
- Service Contracts/Notice period /Severance Fees are as per the Agreement entered with Managing Director and Whole-time Directors.
- The Company does not have any stock option scheme, therefore the same is not applicable

None of the Non-executive Directors has any pecuniary relationship or transactions with the Company except as per requirements of Accounting Standards 18 are disclosed in the notes to accounts annexed to the financial statements.

## 5. Stake Holders Relationship, Grievance and Share Transfer Committee

### > Composition

The Committee consists of the following Directors:

Name of the Director	Designation
Mr. Ramineni Ramachandra Rao	Chairman
Mr. Bandi Satish Kumar	Member
Mr. Siva Prasad Chivukula	Member

### > Terms of Reference

- Stake Holders Relationship, Grievance and Share Transfer Committee oversees and reviews all matters connected with the securities transfers and also looks into redressing of shareholders complaints like transfer of shares, non-receipt of annual reports/dividends etc.
- The Committee oversees the performance of the Registrar and Transfer agents and recommends measures for overall improvement in the quality of investor services.

**> Name and designation of Compliance Officer:**

Mr. B. Narahari Company Secretary resigned with effect from 01.03.2016 &

Mr. M. Raveendra, Assistant Company Secretary of the Company was appointed as Compliance Officer w.e.f. 01.03.2016.

Mr. L. Babu Are, was appointed as Company Secretary w.e.f. 02.05.2016

Email-id for Investor Grievances: cs@seil.co.in

**> Number of Shareholders complaints received and resolved :**

- During the year ended March 31, 2016, the Company has received 67 complaints of which 53 were resolved and 14 complaints remain pending, which are related to clarifications of exchange ratio of GSAL (India) Limited shares with Steel Exchange India Limited Shares and the complaints are being resolved.
- Number of complaints not resolved to the satisfaction of shareholders is Nil.

**Other Committee(s)****6. Corporate Social Responsibility ("CSR") Committee**

CSR Committee of the Company is constituted in line with the provisions of Section 135 of the Companies Act, 2013. The Broad terms of reference Corporate Social Responsibility committee is as follows:

- > Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- > Recommend the amount of expenditure to be incurred on the activities referred to above;
- > Monitor the Corporate Social Responsibility Policy of the Company from time to time;

Two meetings of the CSR committee were held during the year on 12.08.2015 and 10.02.2016.

The composition of the CSR Committee and details of the meeting attended by its members are given below:

Sl. No.	Name of the Member	Category	Designation
1	ChivukulaSivaprasad	Independent Director	Chairman
2	RamineniRamachandra Rao	Independent Director	Member
3	Kodali Krishna Rao	Independent Director	Member

Particulars relating the attendance at the CSR Committee meetings held during the year are given below:

Name of the Member	No. of Meeting Held	No. of Meeting attended
Siva Prasad Chivukula - Chairman	2	2
RamineniRamachandra Rao - Member	2	2
Kodali Krishna Rao - Member	2	2

**7. General Body Meetings:**

(i) The details of last three Annual General Meetings are as under.

<b>Annual General Meeting</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>
2015	30.09.2015	11.45 AM	The Plaza, # 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad - 500 016
2014	31.12.2014	11.30 AM	The Plaza, # 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad - 500 016
2013	12.08.2013	12.00 Noon	The Square Hyderabad, 6-3-870, Green Lands, APTDC Paryatak Bhavan, Begumpet, Hyderabad - 500 016

**Special Resolutions passed during the previous three Annual General Meetings:**

- a) 16th Annual General Meeting - September 30, 2015 - No Special Resolutions were passed
- b) 15th Annual General Meeting - December 31, 2014: No Special Resolutions were passed
- c) 14th Annual General Meeting - August 12, 2013: No Special Resolutions were passed.
  - (i) The shareholders passed all the resolutions set out in the respective notices in the above meetings.
  - (ii) At the ensuing AGM, special resolution is required to be passed with respect to the adoption of new set of Articles of Association of the Company and to reappoint Managing Director of the Company, the details of which are set out in the Notice.  
No Special Resolution is proposed to be passed through a Postal ballot at the ensuing Annual General Meeting of the Company.

**8. Disclosures:**

- (a) Related Party Transactions: There are no significant related party transactions with the Company's Promoters, Directors, the Management or relatives that may have potential conflict with the interest of the Company at large. Related party transactions have been disclosed in the notes to accounts - Note No.2.32 annexed to the financial statements.  
In terms of the Regulation 23 of the SEBI (LODR) Regulations, the Board of Directors of the Company has adopted a policy to determine Related Party Transactions. The policy is placed on the website of the company.
- (b) Details of non-compliance by the Company, Penalties imposed by Stock Exchanges/ SEBI: except for a penalty of Rupees One lakh under Sec-15A and Rupees One Lakh under Section-15C of SEBI Act, imposed with respect to failure in furnishing information to investor complaint there have been no other non-compliance by the Company for which penalties or strictures were imposed on the Company by the Stock Exchanges, SEBI or any other statutory authority, on any matter relating to the capital markets, during the last three years.
- (c) The information on Directors seeking re-appointment/appointment is provided in the notes to the notice of the Annual General Meeting under the heading "Additional information on Directors seeking Re-appointment/appointment at the ensuing Annual General Meeting".
- (d) The Board has also constituted a committee named as "Management Committee" for strategic management of the Company's business within the Board approved direction/framework. The following are the members of the Committee:
 

1.	Mr. B. Suresh Kumar	Chairman
2.	Mr. B. Satish Kumar	Member
3.	Mr. B. Suresh	Member
4.	Mr. V. V. Krishna Rao	Member



The minutes of the Committee meetings are placed before the Board for its approval/ confirmation.

- (e) The Company has complied with all the mandatory requirements of Listing Regulations: During the year, the Company has fully complied with the mandatory requirements as stipulated Listing Regulations. Further, Company has disseminated report on compliance with corporate governance requirements as specified in regulation 17 o 27 and 46(2) on its website [www.seil.co.in](http://www.seil.co.in) and also submitted with BSE. Non Mandatory requirements of C & E as provided in Part E of Schedule II of the Listing Regulations.
- (f) The Board of Directors of the Company had adopted the Whistle Blower Policy. Employees can report to the Management concerned unethical behavior, act or suspected fraud or violation of the Company's Code of Conduct policy.

No employee has been denied access to the Audit Committee. A copy of the Whistle Blower Policy is also hosted on the website of the Company: [www.seil.co.in](http://www.seil.co.in)

The Chairman of the Audit Committee had not received any complaint during the Financial Year ended 31st March, 2016.

- (g) As required under SEBI Listing Regulations, the Auditors' certificate is given as an annexure to the Directors' Report.
- (h) As required under SEBI Listing Regulations, the certificate issued by the Managing Director is provided elsewhere in the Annual Report. The Board has laid down a Code of Conduct covering the ethical requirements to be complied with covering all the Board members and Senior Management Personnel of the Company. An affirmation of compliance with the code is received from them on an annual basis.

## **8. RISK MANAGEMENT**

A mechanism has been put in place which will be reviewed on regular intervals. The Management of the Company reviews the risk management process and implementation of risk mitigation plans. The committee reviews the risk management plans and processes and ensures its effectiveness.

## **9. GENERAL CODE OF CONDUCT**

The Company has formulated and implemented a General Code of Conduct, which is available on company's website, for all its Directors and Senior Management of the Company in compliance with Listing Regulations. All the Board Members and Senior Management of the Company have affirmed compliance with the Said Code of Conduct for the financial year ended March 31, 2016. A declaration by the Chairman & Managing Director affirming compliance with the said Code of Conduct is annexed at the end of the Report and forms part of this Report.

## **10. MEANS OF COMMUNICATION**

- (i) The Company does not send the quarterly results to the address of each of the shareholder as the quarterly results are intimated to the Stock Exchanges.
- (ii) The Company's quarterly, half yearly and annual results are published in prominent daily newspapers such as 'The Economic Times' (English) and 'Eenadu' (Telugu).
- (iii) The Company posts all the vital information relating to the Company and its performance on the web site [www.seil.co.in](http://www.seil.co.in) for the benefit of the shareholders and public at large.
- (iv) During the period under review, no presentations were made to any institutional investors or to the analysts.
- (v) The Management Discussion and Analysis Report is attached and forms part of the Annual Report.
- (vi) Further a direct communication is also made to the shareholders by the Managing Director/Authorised person from Secretarial Department of the company as and when required.

## **11. MEASURES FOR PREVENTION OF INSIDER TRADING:**

In compliance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the





company framed a Code of Conduct for Prevention of Insider Trading and Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information for its directors and designated employees. The code lays down guidelines, which mandates the directors and designated employees on the procedures to be followed and disclosures to be made while dealing with the shares of the company and also appraises the consequences for the violations. Details of the code for prevention of insider trading is available at the company's website.

**12. MD/ CEO & CFO CERTIFICATION**

In accordance with the requirements of Regulation 17(8) of the Listing Regulations, a Certificate from Managing Director and Chief Financial Officer of the Company, on the financial statements of the Company was placed before the Board in the Meeting held on May 30, 2016 and the same is annexed to this report, also forms part of this Annual Report.

**13. REPORT ON CORPORATE GOVERNANCE**

The Corporate Governance Report forms part of the Annual Report. A Certificate from the Statutory Auditors confirming compliance with the conditions of Corporate Governance as stipulated in Listing Agreement/Listing Regulation and the same is annexed to this report, also forms part of this Annual Report.

**14. GENERAL SHAREHOLDER' INFORMATION:****i) 17th Annual General Meeting:**

Date : **Friday, 30th September, 2016**

Time : **11.45 A.M.**

Venue : **The Plaza, 6-3-870, Tourism Plaza, Greenlands, Begumpet, Hyderabad - 500 016. Phone: 040 - 4949 5959**

**ii) Financial Year : 1st April to 31st March**  
**Financial Calendar for 2015-16 :** The following are tentative dates:  
 First Quarter results : 13th August, 2016  
 Second Quarter results : 2nd Week of November, 2016  
 Third Quarter results : 2nd week of February, 2017  
 Annual results for 2016-17 : 4thWeek of May, 2017  
 AGM for the year 2016-17 : 4th Week of September, 2017

**iii) Dates of Book Closure :** 24th September, 2016 to 30th September, 2016 (both days inclusive)

**iv) Dividend Payment Date :** No dividend is recommended for the year ended on 31st March 2016.

**v) Listing on Stock Exchanges :** Bombay Stock Exchange Ltd, (BSE)  
 P.J Towers, Dalal Street, Mumbai - 1  
 The Calcutta Stock Exchange (CSE)  
 7, Lyons Range, Kolkata - 1

**vi) Stock Code/Symbol :** BSE : 534748/STEELXIND  
 CSE : 26498/PYXIS

**vii) Market Price Data :**

The Securities of the Company are actively traded in the Bombay Stock Exchange Ltd, Mumbai. The monthly high/low prices of share of the Company and number of shares traded during each month on the Stock Exchange, Mumbai during year 2015-16, are given below:



Month & Year	Price BSE – IndoNext		Index BSE SENSEX		Total No of Shares Traded
	High (₹. )	Low (₹. )	High	Low	
Apr-2015	44.00	36.00	29,094.61	26,897.54	14,59,386
May-2015	43.90	31.65	28,071.16	26,423.99	18,62,457
Jun-2015	39.80	28.60	27,968.75	26,307.07	18,60,424
Jul-2015	65.50	31.05	28,578.33	27,416.39	28,85,005
Aug-2015	63.90	38.00	28,417.59	25,298.42	23,63,044
Sep-2015	40.45	35.35	26,471.82	24,833.54	6,86,482
Oct-2015	39.25	33.70	27,618.14	26,168.71	4,49,067
Nov-2015	49.00	34.20	26,824.30	25,451.42	4,02,658
Dec-2015	49.95	41.15	26,256.42	24,867.73	6,65,098
Jan-2016	48.70	32.40	26,197.27	23839.76	3,73,942
Feb-2016	36.75	26.20	25,002.32	22,494.61	1,53,823
Mar-2016	40.00	28.20	25,479.62	23,133.18	2,58,084

Source: [www.bseindia.com](http://www.bseindia.com)

**viii) Registrar and Share-Transfer Agents:**

The Company has engaged the services of M/s Venture Capital and Corporate Investments Private Limited, Hyderabad, a SEBI registered Registrar, as their Share Transfer Agents (RTA) for both physical and electronic segment and can be contacted by the Investors at the following address:

**M/s Venture Capital and Corporate Investments Private Limited,**

12-10-167, Bharatnagar, Hyderabad - 500 018.

Telephone: +91 - 40 - 23818475 / 76 , Fax: +91 - 40 - 23868024, Email: [info@vccilindia.com](mailto:info@vccilindia.com)

**ix) Share transfer System and Dematerialization of Shares:**

The Company's shares being in compulsory demat list, are transferable through the depository system. However, shares in the physical form are processed by the Registrar and Share Transfer Agents. The Physical share transfers are processed and the share certificates are returned to the shareholders within a maximum period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

Any transferee who wishes to dematerialize the shares may approach a Depository participant along with a duly filled Demat Request Form, who shall, on the basis of the Share Certificate, generate a demat request and send the same to the Registrar and Share transfer Agents (RTA). On receipt, the Depository Registrar confirms the request.

All requests for Dematerialization of shares are processed and the confirmation is given to the respective Depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), within 21 days of receipt.

**x) Distribution of Share holding as on March 31, 2016:**

No of Shares	Shareholders		Shares	
	Number	% of Total	Number	% of Total
Upto - 500	171,167	99.23	15,94,386	2.09
501 - 1000	544	0.31	4,59,621	0.60
1001 - 2000	252	0.14	3,94,959	0.52
2001 - 3000	125	0.07	3,18,692	0.41
3001 - 4000	48	0.02	1,74,454	0.23
4001 - 5000	56	0.03	2,73,329	0.36
5001 - 10000	74	0.04	5,50,108	0.72
10001 and above	215	0.12	7,22,19,263	95.04
<b>Total</b>	<b>172481</b>	<b>100.00</b>	<b>75984812</b>	<b>100.00</b>



**xi) Pattern of shareholding by ownership as on 31st March 2016:**

Category	No. of shares held	Percentage of shareholding
<b>PROMOTER'S HOLDING</b>		
1. Promoters		
- Indian Promoters	37,044,817	48.75
- Foreign Promoters	211,504	0.28
<b>Sub-Total</b>	<b>37,256,321</b>	<b>49.03</b>
<b>PUBLIC SHAREHOLDING</b>		
2. Mutual Funds and UTI	34,604	0.05
3. Banks, Financial Institutions, Insurance Companies (Central/State Government Institutions/ Non-Government Institutions)		1,522,186 2.00
4. Others	3,050,197	4.01
5. India Public	34,121,504	44.91
<b>Sub-Total</b>	<b>38,728,491</b>	<b>50.97</b>
<b>Total</b>	<b>75,984,812</b>	<b>100.00</b>

**xii) Dematerialisation of Shares and liquidity:**

As on 31st March 2016, 61050046 equity shares representing 65% were held in dematerialized form and 14934766 equity shares representing 15.79% were in physical form. The Balance shares 1,86,08,750 are preferential shares allotted to the shareholders of Simhadri Power Limited as per the Scheme of Amalgamation approved by the Hon'ble High Court, which are in physical form.

The Company's shares are compulsorily traded in dematerialized form and the shares are regularly traded on Bombay Stock Exchange Limited, Mumbai (BSE). The ISIN Number allotted for the Equity shares is INE503B01013.

**xiii) Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments, conversion date and likely impact on equity:**

As on 31st March 2016, there were no Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments of the Company.

No convertible instruments were issued and allotted during the year 2015-16 and as such no outstanding instruments that have an impact on equity.

**xiv) Unclaimed Dividend**

The dividend for the years 2008-09 which remains unclaimed by the shareholders, is requested to claim immediately or contact the Company. The dividend, which remains unclaimed for a period of seven years from the date of declaration, will be transferred to Investor Education & Protection Fund (IEPF).

**xv) Plant Locations:**

**1. Power Plant & Steel Ingot Division**

Opp: Mandapalli New Bridge, Kothapeta (V & M) - 533 223 East Godavari (Dt). Andhra Pradesh.

Telefax: +91 - 8855 - 244406

**2. Rolling Division**

Simhadri TMT Steels, Plot No 1, I.D.A., Edulapaka Bonangi, Paravada (Mandal), Visakhapatnam (Dt) - 531 201 Andhra Pradesh.

Telephone: +91 - 8924 - 247055

Fax: +91 - 8924 - 247685

**3. Bobbili Wire Drawing Division (Galvanised Wire Products):**

S. No. 295 to 300, APIIC Growth Centre, Bobbili- 535 558.

**4. Wire Drawing Division (HC Wire Products):**

Plot No.17 & 18, E-Block, IDA, Auto Nagar, Visakhapatnam - 530 012, Andhra Pradesh

Telephone: +91 - 891 - 2587574, Fax: +91 - 891 - 2766437



**xvi) Address for Correspondence:** Investor correspondence may be addressed to:

**Registrars and Share Transfer Agents:**

**M/s Venture Capital and Corporate Investments Pvt Limited,**

12-10-167, Bharatnagar, Hyderabad - 500 018.

Telephone: +91 - 40 - 23818475 / 76 , Fax : +91 - 40 - 23868024

Email: info@vccilindia.com

**Company:**

**The Company Secretary, Steel Exchange India Limited,**

303, My Home Laxmi Nivas, Green lands, Ameerpet, Hyderabad - 500 016

Telephone: +91 - 40 - 23403725, Fax : +91 - 40 - 23413267

Email: cs@seil.co.in

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 31.08.2016

**B. SATISH KUMAR**

Chairman & Managing Director

(DIN: 00163676)

**DECLARATION OF COMPLIANCE WITH THE GENERAL CODE OF CONDUCT OF THE COMPANY**

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I declared as follows:

1. The Company does have a General Code of Conduct approved by the Board of Directors, which is posted on its website [www.seil.co.in](http://www.seil.co.in)
2. All the members of the Board of Directors and all the Senior Management Personnel of the Company have individually submitted statements of affirmation of compliance with the said Code of Conduct for the financial year ended 31st March, 2016

For and on behalf of the Board of Directors

Place: Hyderabad

Date: 31.08.2016

**B. SATISH KUMAR**

Chairman & Managing Director

(DIN: 00163676)



**MD/ CEO AND CFO CERTIFICATE**

We hereby certify that:

- a) we have reviewed financial statements and the cash flow statement for the **Financial Year ended 31st March, 2016** and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Code of Conduct of the Company.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls over financial reporting, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies. In our opinion, there are adequate internal controls over financial reporting.
- d) We have indicated to the Auditors and the Audit Committee that there are no:
  - i) no significant changes in internal control over financial reporting during the year;
  - ii) no significant changes in accounting policies during the year requiring disclosure in the notes to the financial statements; and
  - iii) no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the company's internal control system over financial reporting.

**For STEEL EXCHANGE INDIA LIMITED**

Place: Hyderabad  
Date: 31.08.2016

**B. Satish Kumar**  
Managing Director

**V.S.Rakesh**  
Chief Financial Officer

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To the Members of  
**STEEL EXCHANGE INDIA LIMITED**

We have examined the compliance of conditions of Corporate Governance by Steel Exchange India Limited ("the Company") for the year ended 31st March 2016, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015(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 with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and 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 **Pavuluri & Co**  
Chartered Accountants  
Firm Registration No: 012194S

**CA. P.A.RAMAIH**  
Partner  
M.No. F - 203300

Place: Hyderabad  
Date : 31.08.2016



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## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Steel Industry Structure and Developments:**

#### **Global Scenario:**

The global steel industry is going through tough times due to slow down of economic growth across geographies. In 2015, the world crude steel production declined by 2.8% and reached down to 1622 million tons (mt). Steel manufacturers are struggling to sustain margins with high turnovers but with the lowest prices of a decade on account of market penetration by China with low prices.

Steel manufacturers across the globe are trying to reduce debts and manage costs by improving operational efficiency to tackle the current scenario. The Steel demand in 2016 is expected to move further down and may reach 1480 million tons. However, a growth in the industry and steel production may reach around 1500 million tons in 2017.

#### **Domestic Scenario**

India reached 3rd position in crude steel production during 2015-16 and is expected to become the second largest crude steel producer in the coming years, as the demand for steel in India is growing with the developments in infrastructure and rapid growth in industrial sector and also the availability of raw materials, urbanization, increase in incomes and consumer demand in India.

- India produced around 90 million tons of crude steel in 2015-16 and whereas the consumption was around 110 million tons.
- As per World Steel Association, crude steel production in India increased by 2.6% as compared to previous year. This shows a demand for steel will increase by 5.4% in coming years 2016 and 2017.
- India has overall positive economic growth due to the reforms and policies by central government, to increase infrastructure and manufacturing output. The Govt. of India allocates funds and encourages private participation through the PPP route to push for infrastructure development.
- Rapid rise in production resulted in India becoming the 3rd largest producer of crude steel in 2015 and the country continues to be the largest producer of sponge iron or DRI in the world.
- As per the report of the Working Group on Steel for the 12th Five Year Plan, there exist many factors which carry the potential of raising the per capita steel consumption in the country. These include among others, an estimated infrastructure investment of nearly a trillion dollars, a projected growth of manufacturing from current 8% to 11-12%, increase in urban population to 600 million by 2030 from the current level of 400 million, emergence of the rural market for steel currently consuming around 10 kg per annum buoyed by government projects.

#### **Government Initiatives**

The Government of India is aiming to scale up steel production in the country to 300 MT by 2025 from about 90 MT in 2015-16. The government has launched the National Mineral Exploration Policy (NMEP), which will help to adopt comprehensive exploration of non-fuel and non-coal mineral resources that would give a major boost to the economy.

Metal Scrap Trade Corporation (MSTC) Limited and the Ministry of Steel have jointly launched an e-platform called 'MSTC Metal Mandi' under the 'Digital India' initiative, which will facilitate sale of finished and semi-finished steel products.

The Parliament of India has cleared amendments to the Mines and Minerals Development and Regulation (MMDR) Act, which will enable companies to transfer captive mines leases similar to mines won through an auction, and which is expected to lead to increased Mergers and Acquisitions (M&A) of steel and cement companies.

The Ministry of Steel has announced to invest in modernisation and expansion of steel plants of Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) in various states to enhance the crude steel production capacity in the current phase from 12.8 MTPA to 21.4 MTPA and from 3.0 MTPA to 6.3 MTPA respectively.

The total outlay for infrastructure in Budget 2016-17 stands at Rs 221,246 crore (US\$ 32.8 billion), which is expected to generate much needed demand for steel industry.

The Minister of Steel & Mines, Mr Narendra Singh Tomar, has reiterated commitment of Central Government to support the steel industry to reach a production target of 300 Million Tonne Per Annum (MTPA) in 2025.

The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI)



in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US\$ 29.65 million).

State-run company Steel Authority of India (SAIL) has received an order for supplying steel for seven warships to be constructed for the Indian Navy. This would be the first time Navy's warships will be built using Indian steel.

Some of the other recent government initiatives in this sector are as follows:

- The Government of India plans to enact a law that will allow the companies which received mining licenses without having gone through the auction process, to transfer these leases, in a move that is expected to make Mergers and Acquisitions (M&As) easier in the steel, cement, and metals sectors.
- The Central Board of Excise and Customs (CBEC) has issued a notification announcing zero export duty on iron ore pellets, which will help the domestic industry to become more competitive in the international market.
- Steel Research and Technology Mission of India (SRTMI) was established with an initial capital of Rs 200 crore (US\$ 29.65) by the government to spearhead Research & Development (R&D) activities of national importance in collaboration with the steel industry.
- Government of Chhattisgarh and Jharkhand plan to set up Greenfield steel plants with initial capacity of 3 Million Tonnes Per Annum (MTPA), which will be later enhanced to 6 MTPA.
- Ministry of Steel has signed a Memorandum of Understanding (MoU) with Ministry of Skill Development and Entrepreneurship to facilitate skill development through Central Public Sector Enterprises (CPSE) of the Ministry.
- Government has introduced the National Mineral Exploration Trust (NMET) to enhance mineral exploration in the country.
- Government of India plans to auction eight coal blocks with reserves of 1,143 million tonnes to steel and cement firms in January 2016, as per coal secretary Mr Anil Swarup.
- Government has planned Special Purpose Vehicles (SPVs) with four iron ore rich states i.e., Karnataka, Jharkhand, Orissa, and Chhattisgarh to set up plants having capacity between 3 to 6 MTPA.
- A Project Monitoring Group (PMG) has been constituted under the Cabinet Secretariat to fast track various clearances/resolution of issues related to investments of Rs 1,000 crore (US\$ 148.24 million) or more.
- To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30 per cent. (Source ibef.org)

## **POWER**

The company has a 60 MW captive power plant which produces power from waste heat gas generated by the Sponge Iron Kilns and also utilizes the coal fines and coal char generated in the sponge iron making process. About 14 MW of power is generated from waste heat and the balance power is generated by using coal fines, coal char and fresh coal. The surplus power, which was about 60 % of generation, was sold to the state utilities. The power revenue also contributed to revenue and the bottom line. However, the company's margins were affected during the year due to reduction in off take of power by State Governments, as against the contracted quantities.

### **Opportunities:**

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

Government of India is taking various steps to address the issues of the steel sector. The government is committed to increase steel production in India. It has taken number of steps to protect the domestic manufacturers from the threat of cheap imports from China.

### **Threats:**

- Delays in the government allocating sufficient iron ore blocks, regulatory approvals and challenges in land acquisition have slowed many steel projects.
- Shift towards relatively lower steel demand growth in most of the heavy-weight economies including China.



- Structural shifts in the Chinese market arising from over capacity coupled with weakening prices are threatening the Indian players.
- As China threat is partly getting managed through the anti dumping duty route, we now are facing sluggish demand and low prices.

The industry therefore faces external as well as internal threats. The manufacturing cost in India remains high and with coal getting auctioned, it will only go up further. China and Russian producers could keep flooding the market directly or indirectly.

**Division wise Performance:****1) Trading Division**

The Trading division deals with a wide range of products from finished steel products to related items semis, coal, scrap, Sponge Iron etc. The division has been primarily responsible for developing the marketing base for the company throughout the coastal region of Andhra Pradesh, and Cochin. The division deals with the products manufactured by the Company, RINL (Vizag Steel), and other manufacturers for the products.

The division reported a turnover of Rs. 922.11 crores for the year ended 31st March 2016 compared to Rs. 816.83 crores in the previous year ended 31st March 2015.

**2) Steel Ingot Division - 90,000 TPA**

This division manufactures ingots using sponge iron and scrap / pig iron. The unit also has a power generation unit using natural gas for captive consumption. The company continued with low level of operations for the period under review keeping in view the market conditions and sold the power produced from the Power Plant.

The division reported a turnover of Rs. 40.28 crores which came from sale of power compared to the turnover of Rs. 29.93 crores in the previous year

**3) Wire Products Division:**

The unit of this division produces High Carbon steel wire products. The division reported a turnover of Rs.17.60 crores as against Rs. 5.93 crores in the previous period.

**4) Integrated Steel Plant:**

The Integrated Steel Plant (ISP) of the Company is located at Srirampram Village, L. Kota Mandal, Vizianagaram District and consists of following units:

1. Sponge Iron Unit - 220,000 TPA
2. SMS Billet Unit - 250,000 TPA
3. Rolling Unit - 225,000 TPA
4. Captive Power Plant - 60MW

The total revenue for the period under review from ISP stood at Rs. 554.04 crores as against Rs.550.33.48 crores in the previous year. The division reported marginal decrease in turnover on year to year basis due to fall in prices. The TMT bars produced are sold under the well established brand name Simhadri TMT Bars.

The total revenue from the sale of Power for the period under review from Power Division stood at Rs. 123.60 crores compared to Rs.154.15 crores in the previous year.

**Financial Performance****1) Share Capital**

The Authorised capital of the Company is Rs. 332,00,00,000.

The paid up share capital of the Company increased from Rs. 519,500,000/- comprising of 51,950,000 equity shares of Rs. 10/- each to Rs. 945,935,620/- comprising of 75,984,812 equity shares of Rs. 10/- each and 18,608,750 Non-convertible redeemable preference shares of Rs. 10/- each during the year 2015-16, with the allotment of shares to the shareholders of GSAL (India) Limited and Simhadri Power Limited consequent to the approval of the schemes of amalgamation of both the companies with the company..

**2) Reserves and Surplus**

For the year ended 31st March 2016, the Reserves and Surplus have increased from Rs. 280.77 crores to Rs. 288.16 crores due to the balance transferred from the profit and loss account amounting to Rs. 7.39 crores.

**3) Secured Loans**

There has been a decrease in secured Loans from Rs. 345.26 crores to Rs. 285.41 crores.



**4) Unsecured Loans**

There has been a decrease in Unsecured Loans from Rs. 68.98 crores to Rs. 49.31 Crores. .

**5) Fixed Assets**

During the year under review, the Fixed Assets and the total Fixed Assets (net Block) stands at Rs. 591.22 crores as against Rs. 614.09 crores in the previous year.

**Operational Performance****1) Income**

The income of the Company was Rs. 1671.14 crores for the year ended 31st March 2016 as against Rs. 1565.37 crores in the previous year ended 31st March 2015.

**2) Direct Cost & Other expenses**

The Direct Costs comprising of cost material consumed and purchases of traded goods was to Rs. 1351.52 crores for the year as against Rs. 1309.90 crores in the previous year ended 31st March, 2015.

Other expenses comprises of other manufacturing expenses, staff costs, administration and selling & distribution expenses etc. The same was Rs. 140.98 crores for the year ended 31st March 2016 as against Rs. 117.04 crores in the previous year ended 31st March 2015. The Company continues its efforts to minimize the costs and overheads.

**3) Interest Cost**

For the year under review, the interest and financial charges were Rs. 122.73 crores representing 8.15% of the turnover as against Rs. 127.63 crores representing 8.15% of the turnover in the previous year.

**4) Depreciation**

The company has provided a sum of Rs. 26.54 crores towards depreciation for the year under review as against Rs. 25.01 crores in the previous year.

**5) Provision for Tax**

The Company has not provided any amount towards income tax as the Company has accumulated losses. The accumulated losses of GSAL (India) Limited were transferred to the company upon its amalgamation with the company. The deferred tax provision for the period under review is Rs. 6.28 crores as against Rs. 6.42 crores in the previous year

**6) Net Profit**

The operations for the year ended 31st March 2016 have resulted in a Net Profit of Rs. 7.39 crores as against Rs. 28.45 crores in the year ended 31st March 2015. Decrease in margins in manufacturing activity and trading activity coupled with high raw material costs and decrease in steel prices resulted in lower net profit when compared to previous period.

**7) Dividend**

No Dividend is recommended on the Equity Shares for the year ended 31st March 2016.

**Internal Controls & Their Adequacy**

The Company has in place adequate systems of internal control commensurate with its size and nature of its business. These have been designed to provide reasonable assurance that all assets are safeguarded and protected against loss from unauthorised use or disposition and that all transactions are authorised, recorded and reported correctly.

The internal control systems are reviewed at regular intervals by the Audit Committee and corrective actions are initiated whenever deemed necessary. The Committee also meets the Company's Internal Auditors as well as Statutory Auditors to ascertain, interalia, their views on the adequacy of internal control systems of the Company and keeps the management informed of its major observations.

**Human Resources Development and Industrial Relations**

The Company considers the quality and commitment of its human resources to be its most important asset and places great emphasis on training and development of human resources at all levels and providing conducive working environment. The Management firmly believes that business cannot grow without utilising the potential of its human resources.

As on 31st March, 2016 the total strength of employees is about 1420. Your Company maintains a cordial relationship with its employees and values the safety of its employees ensuring safe work practices and the Board of Directors and the Management record their appreciation of all its employees for their valuable contribution towards the growth of the Company.

**Cautionary Statement**

The purpose of this Annual Report is to provide information to the members of the Company. 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 would differ materially from those expressed or implied. The company assumes no responsibility to publicly amend, modify or revise any forward looking statement, on the basis of any subsequent development, information or events or otherwise.



## INDEPENDENT AUDITORS' REPORT

To  
The Members of  
**STEEL EXCHANGE INDIA LIMITED**

### **Report on the Standalone Financial Statements:**

We have audited the accompanying financial statements of M/s. STEEL EXCHANGE INDIA LIMITED, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the period ended 31st March, 2016 and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The management and Board of Directors of the company are 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 provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the 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"), as amended, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we further 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 appears from our examination of those books;
  - c) The Balance Sheet ,Statement of Profit and Loss account and 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 applicable accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
    - i. The Company has disclosed the impact of pending litigations on its financial position in the financial statements -Refer to note 2.29 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
    - iii. There has been no occasions during the year under report to transfer any sums to the Investor Education and Protection Fund by the company.

**For Pavuluri & Co**  
Chartered Accountants  
Firm Registration No: 012194S

**CA. P.A.RAMIAH**  
Partner  
M.No.: F-203300

Place : Visakhapatnam  
Date : 28.05.2016



## **ANNEXURE TO INDEPENDENT AUDITORS' REPORT**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2016:

- (1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- (2) The management has conducted the physical verification of inventory at reasonable intervals. The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, paragraph 3 (iii) (a) to (C) of the Order are not applicable.
- 4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- 6) As informed to us, the maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company. We have broadly reviewed the Cost Records maintained by the Company pursuant to the Company's (Cost Records and Audit) Rules, 2014 prescribed by the Central Government and are of the opinion that prima facie the prescribed cost records have been maintained.
- (7) (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities.  

According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us, the following dues of the service tax, duty of customs, duty of excise, value added tax, central sales tax, Cess and any other statutory dues which have not been deposited with appropriate authorities on account of any dispute.



Name of the Statute	Nature of Dues	Period to which the amount relates	Amount in ₹.	Deposits/ Paid in (₹.)	Forum where the dispute is pending with
CST Act	Sales Tax	2003-04	22,43,895/-	2,80,487/-	CTO,Gajuwaka,
		2004-05	28,27,172/-	3,53,397/-	Visakhapatnam
CST Act	Sales Tax	2005-06	47,85,829/-	11,96,457/-	STAT-Visakhapatnam.
AP VAT Act		2011-12	11,57,334/-	2,89,334/-	
AP VAT Act	Sales Tax	2011-12	13,94,858/-	3,48,715/-	The Hon'ble High Court of Telangana & Andhra Pradesh
AP VAT Act	Sales Tax	2013-14	31,41,694/-	7,85,424/-	Appellate Deputy Commissioner, Visakhapatnam
Customs Act	Customs Duty	2003-04	54,35,648/-	NIL	Hon'ble High Court of Telangana & Andhra Pradesh
Customs Act	Customs Duty	2012-13	67,38,452/-	NIL	
Central Excise Act,	Excise Duty	2007-08	86,30,228/-	10,00,000/-	CESTAT-Bangalore
		2008-09	1,91,708/-	NIL	
		2009-10 to 2011-12	45,89,094/-	NIL	
Central Excise Act	Excise Duty	2009-10 2010-11 & 2011-12	2,14,21,207/-	50,00,000/-	Commissioner of Central Excise, Visakhapatnam.
		2009-10	3,893/-	NIL	
Central Excise Act	Excise Duty	2010-11	14,35,189/-	NIL	Hon'ble High Court of Telangana & Andhra Pradesh
Central Excise Act	Excise Duty	2014-15	6,32,86,487	NIL	Commissioner of Central Excise, Visakhapatnam.
Central Excise Act	Excise Duty	2011-12 & 2012-13	2,51,71,939	NIL	Commissioner of Central Excise, Visakhapatnam.
Central Excise Act	Service Tax	2010-11, 2011-12, 2012-13, 2013-14 & 2014-15	26,468	NIL	Asst. Commissioner of Central Excise, Visakhapatnam.
Buildings and Other Construction Workers Welfare Cess Act, 1996	Cess	2010-11	1,27,98,000/-	NIL	Hon'ble High Court of Telangana & Andhra Pradesh
AP Registration & Stamps Act	Stamp duty	2008-09	44,99,900/-	NIL	The District Registrar, Vizianagaram.
AP Electricity & Regulatory Authority -EPDC L	Cross Subsidy	2009-10	97,56,021/-	NIL	Hon,ble High Court of Telangana & AP- Interim Relief Order



- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- 9) According to the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, paragraph 3 (ix) of the Order are not applicable.
- 10) According to the information and explanations given by the management to us, no material fraud by the Company or on the company by its officers or employees has been noticed or reported during the course of audit.
- 11) According to the information and explanations to us and based on our examination of the records of the company, 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 Companies Act;
- 12) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- 13) According to the information and explanations to us and based on our examination of the records of the company transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) According to the information and explanations to us and based on our examination of the records of the company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order are not applicable.
- 15) According to the information and explanations to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3 (xv) of the Order are not applicable.
- 16) In our opinion, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, paragraph 3 (xvi) of the Order are not applicable.

**For Pavuluri & Co**  
Chartered Accountants  
Firm Registration No: 012194S

Place :Visakhapatnam  
Date : 28.05.2016

**CA. P.A.RAMIAH**  
Partner  
M.No.: F-203300



**"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE  
STANDALONE FINANCIAL STATEMENTS OF STEEL EXCHANGE INDIA LIMITED**

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

We have audited the internal financial controls over financial reporting of STEEL EXCHANGE INDIA LIMITED ("the Company") as of March 31, 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 the Financial Statements**

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 March 31, 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 **Pavuluri & Co**  
Chartered Accountants  
Firm Registration No: 012194S

**CA. P.A.RAMIAH**  
Partner  
M.No.: F-203300

Place : Visakhapatnam  
Date : 28.05.2016



**INDEPENDENT AUDITORS REPORT TO THE BOARD OF DIRECTORS OF  
STEEL EXCHANGE INDIA LIMITED**

1. We have audited the accompanying statement of standalone financial results of **STEEL EXCHANGE INDIA LIMITED** ("the company") for the year ended 31 March, 2016 ("the statement"), being submitted by the company pursuant to the requirement of regulation 33 of the SEBI (Listing obligation and Disclosure Requirement) regulation, 2015. This Statement, which is the responsibility of the Company's Management and approved by the board of directors, has been prepared on the basis of related financial statements which is in accordance with the accounting standards prescribed under Section 133 of the Companies act, 2013 as applicable and other accounting principles generally accepted in India. Our responsibility to express an opinion on the statement
2. We conducted our audit in accordance with the standards on Auditing issued by the Institute of Chartered accountants of India Those standards require that we comply with ethical requirement and plan and perform the audit to obtain reasonable assurance about whether the statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the Statement. The procedures selected depend on the auditor judgment, including the assessment of the risk of material misstatement of the statement, whether due to fraud or error in making those risk assessment, the auditor consider internal control relevant to the company's preparation and fair presentation of the statements in order to design audit procedure that are appropriate in the circumstances, but not for the purpose of Expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the statement.

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

3. In our opinion and to the best of our information and according to the explanation given to us, the statement:
  - (a) Is presented in accordance with the requirement of regulation 33 of the SEBI (Listing obligation and disclosure Requirement) Regulation, 2015; and
  - (b) Gives a true and fair view in conformity with the aforesaid Accounting standards other accounting principles generally accepted in India of the Net Profit and other financial information of the company for the year ended 31 March 2016.
4. The statement includes the result for the quarter ended 31st March, 2016 being the balancing figure between audited figures in respect of the full financial year to date and published year figures up to the third quarter of the current financial year which were subject to limited review by us.

**For Pavuluri & Co**  
Chartered Accountants  
Firm Registration No: 012194S

Place :Visakhapatnam  
Date : 28.05.2016

**CA. P.A.RAMIAH**  
Partner  
M.No.: F-203300



**BALANCE SHEET AS AT 31ST MARCH 2016**

PARTICULARS	Note No.	As at 31.03.2016 Amount ₹	As at 31.03.2015 Amount ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds:</b>			
a) Share Capital	2.1	945,935,620	519,500,000
b) Reserves and Surplus	2.2	2,881,597,964	2,807,690,414
c) Equity Share Capital Suspense Account	2.3	-	240,348,115
d) 10.5% Preference Share Capital Suspense Account	2.4	-	186,087,500
		<b>3,827,533,584</b>	<b>3,753,626,029</b>
<b>Non-Current liabilities</b>			
a) Long Term Borrowings	2.5	2,471,205,207	3,310,599,854
b) Deferred Tax Liability	2.6	585,108,443	522,269,487
c) Other Long Term Liabilities	2.7	368,550,128	501,311,013
		<b>3,424,863,778</b>	<b>4,334,180,354</b>
<b>Current Liabilities</b>			
a) Short-term Borrowings	2.8	3,387,355,012	3,130,432,284
b) Trade Payables	2.9	5,788,919,312	5,880,518,856
c) Other Current Liabilities	2.10	2,247,027,274	1,527,885,775
		<b>11,423,301,598</b>	<b>10,538,836,915</b>
<b>TOTAL</b>		<b>18,675,698,961</b>	<b>18,626,643,298</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
a) Fixed assets			
(i) Tangible assets	2.11	5,912,234,013	6,140,885,731
(ii) Capital Work in Progress		529,881,592	464,850,934
b) Long-term Loans and Advances	2.12	95,498,431	115,989,384
		<b>6,537,614,036</b>	<b>6,721,726,048</b>
<b>Current assets</b>			
a) Current Investments	2.13	2,500,000	-
b) Inventories	2.14	7,181,860,776	6,807,891,911
c) Trade Receivables	2.15	2,665,598,870	3,088,174,841
d) Cash and Bank Balances	2.16	891,645,021	734,684,739
e) Short term Loans & Advances	2.17	754,232,202	651,789,599
f) Other Current Assets	2.18	642,248,056	622,376,160
		<b>12,138,084,925</b>	<b>11,904,917,250</b>
<b>TOTAL</b>		<b>18,675,698,961</b>	<b>18,626,643,298</b>

The Schedules referred to above and Statement on Significant Accounting Policies form an integral part of the Balance Sheet

As per our report of even date  
for **PAVULURI & Co.**

Chartered Accountants  
Firm Reg. No. 012194S  
**CA. P. A. RAMAIAH**  
Partner  
M.No. : F- 203300

Place: Visakhapatnam  
Date : 28.05.2016

for and on behalf of the Board of Directors

**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN : 00163676)

**V.S.RAKESH**  
Chief Financial Officer

Place : Visakhapatnam  
Date : 28.05.2016

**B. SURESH KUMAR**  
Jt. Managing Director  
(DIN : 00206473)

**L. BABU ARE**  
Company Secretary



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

PARTICULARS	Note No.	Year Ended 31.03.2016 Amount ₹	Year Ended 31.03.2015 Amount ₹
<b>INCOME:</b>			
Revenue from operations (Gross)	2.19	17,392,977,277	16,198,624,643
Less: Excise Duty		681,566,483	544,939,209
		16,711,410,794	15,653,685,434
Other Income	2.20	109,287,016	122,640,319
<b>Total Revenue</b>		<b>16,820,697,810</b>	<b>15,776,325,753</b>
<b>EXPENDITURE:</b>			
Cost of Material Consumed	2.21	4,026,448,090	5,234,399,500
Purchase of Traded Goods	2.22	9,488,754,136	7,864,668,001
Changes in Inventories	2.23	266,215,799	(367,384,267)
Employee Benefits	2.24	236,085,868	228,142,196
Finance Costs	2.25	1,227,278,141	1,276,290,917
Depreciation	2.11	265,444,409	250,180,996
Other Expenses	2.26	1,173,724,863	942,380,699
<b>Total expenses</b>		<b>16,683,951,304</b>	<b>15,428,678,043</b>
<b>Profit before Taxes</b>		<b>136,746,506</b>	<b>347,647,710</b>
Tax expenses:			
(1) Tax expense of Prior Years/ (Excess provision written Back)		-	(1,090,316)
(2) Deferred Tax		62,838,956	64,171,817
<b>Profit for the period</b>		<b>73,907,550</b>	<b>284,566,209</b>
<b>Earnings per equity share :</b>	2.33		
(1) Basic		<b>1.22</b>	6.90
(2) Diluted		<b>1.22</b>	6.18

The Notes referred to above and Statement on Significant Accounting Policies form an integral part of the Statement of profit and Loss.

This is the Statement of Profit and Loss referred to in our report of even date.

As per our report of even date  
for **PAVULURI & Co.**

Chartered Accountants  
Firm Reg. No. 012194S

**CA. P. A. RAMAIAH**  
Partner

M.No. : F- 203300

Place: Visakhapatnam

Date : 28.05.2016

for and on behalf of the Board of Directors

**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN : 00163676)

**V.S.RAKESH**  
Chief Financial Officer

Place : Visakhapatnam

Date : 28.05.2016

**B. SURESH KUMAR**  
Jt. Managing Director  
(DIN : 00206473)

**L. BABU ARE**  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2016**

Particulars	Year Ended 31.03.2016 Amount (₹)	Year Ended 31.03.2015 Amount (₹)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit before Taxation	136,746,506	347,647,710
<b>Adjustment for:</b>		
a) Depreciation	265,444,409	250,180,996
b) Preliminary Expenses written off	-	4,488,373
c) Bad Debts Written off	315,220	(1,070,179)
d) Financial Charges	1,227,278,141	1,276,290,917
e) Loss/ (profit ) on Sale of Asset	(18,533,423)	(26,957,204)
Operating profit before working capital changes	<b>1,611,250,852</b>	1,850,580,614
Adjustment for change in Working Capital		
a) Decrease/(Increase) in Trade & Other Receivables	110,983,150	(1,321,323,917)
b) Decrease/(Increase) in Inventories	(373,968,854)	(299,953,587)
c) Increase/ (Decrease) in Trade & Other Payables	311,658,786	677,561,501
Cash Generated from Operations	1,659,923,934	906,864,612
Less: Direct Taxes Provision	-	-
<b>Net Cash from Operating Activities</b>	<b>1,659,923,934</b>	<b>906,864,612</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>		
a) Purchase of Fixed Assets	(111,837,628)	(30,933,603)
b) Sale of Fixed Assets	93,578,354	62,206,990
c) Investments in mutual funds	(2,500,000)	
d) (Increase)/Decrease in Capital Work in Progress	(65,030,658)	(373,292,257)
<b>Net Cash used in Investing Activities</b>	<b>(85,789,932)</b>	<b>(342,018,870)</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES:</b>		
a) Net Increase in Secured Loans	(212,254,987)	675,331,483
b) Net (Decrease)/Increase in Unsecured Loans	(187,094,648)	115,908,794
c) Payment of Financial Charges	(1,227,278,141)	(1,276,290,917)
d) Proposed Dividend and Tax thereon	-	-
<b>Net Cash generated through Finance</b>	<b>(1,626,627,776)</b>	<b>(485,050,641)</b>
<b>Net Increase/(Decrease) in Cash and equivalents (A+B+C)</b>	<b>(52,493,774)</b>	<b>79,795,101</b>
<b>Cash &amp; Cash Equivalents -Opening balance SEIL</b>	<b>107,084,845</b>	<b>24,983,597</b>
<b>Cash &amp; Cash Equivalents -Opening balance SPL</b>	<b>-</b>	<b>2,306,147</b>
<b>Cash &amp; Cash Equivalents -Closing balance</b>	<b>54,591,071</b>	<b>107,084,845</b>

The notes form an integral part of these financial statements

As per our report of even date  
for **PAVULURI & Co.**

Chartered Accountants  
Firm Reg. No. 012194S  
**CA. P. A. RAMAIAH**  
Partner

M.No. : F- 203300

Camp: Visakhapatnam

Date : 28.05.2016

for and on behalf of the Board of Directors

**B. SATISH KUMAR**  
Chairman & Managing Director  
(DIN : 00163676)

**V.S.RAKESH**  
Chief Financial Officer

Place : Visakhapatnam

Date : 28.05.2016

**B. SURESH KUMAR**  
Jt. Managing Director  
(DIN : 00206473)

**L. BABU ARE**  
Company Secretary

**NOTES to Financial Statements for the year ended 31st March, 2016****Nature of business:**

Steel Exchange India Limited was incorporated on 24th February 1999. The activities of the company are manufacture of steel products, trading of related products and generation and sale of Power.

The Company is a Public Limited Company incorporated and domiciled in India and has its registered office at Hyderabad, Telangana, India. The company has its listing on the BSE Limited.

**1. SIGNIFICANT ACCOUNTING POLICIES:****i) Basis of Preparation:**

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") prescribed under section 133 of the Companies Act' 2013 read with rules 7 of the Companies (Accounts) Rules, 2014 and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting Policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**ii) Operating Cycle:**

All assets and liabilities have been classified as Current and Non-Current as per the company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the 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 and Non-Current classification of Assets and Liabilities.

**iii) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.

Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risks and rewards of ownership is retained. Sales are net of sales tax/Value added tax. Excise duty recovered is presented as a reduction from gross turnover.

**iv) Use of estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and estimated useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

**v) Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation inclusive of freight, duties, taxes and incidental expenses relating to the cost of acquisition and finance cost.

**vi) Borrowing costs:**

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on "Borrowing Costs" are capitalized as part of the cost of such asset up to the date when the asset is ready for its intended use. Other borrowing costs are expensed as incurred.

**vii) Capital Work in progress:**

Projects under which assets are not ready for their intended use and other capital work-in- progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

**viii) Depreciation:**

Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as per the schedule II of the Companies Act.2013. Leasehold improvements are written off over the lower of the remaining



**NOTES to Financial Statements for the year ended 31st March, 2016**

primary period of lease or the life of the asset. The useful life of the assets adopted by the company is as per schedule II of the Companies Act, 2013 as follows:

Building	60 years
Factory Buildings	30 years
Plant and Machinery and Others	15 years
Plant and Machinery (Power Generation)	40 years
Plant and Machinery (Rolling Mill)	20 years
Office equipment	5 years
Computer equipment	3 years
Furniture and Fixtures	10 years
Electrical Installations	10 years
Vehicles (Other than two wheelers)	8 years
Vehicles	10 years
Roads (Carpeted other than RCC)	5 years
Roads (Non Carpeted)	3 years

**ix) Inventories:**

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by First In First Out (FIFO) method.

The liability towards excise duty on finished goods lying in excise godown is provided in the books and therefore the stock is valued inclusive of excise duty payable thereon in accordance with the provisions of AS-2 "Valuation of Inventories". However this has no impact on the profit of the year.

**x) Investments:**

Long-term investments are carried at cost less provision for diminution other than temporary, if any, in value of such investments. Current investments are carried at lower of cost and fair value.

**xi) Income Tax:**

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable. Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credit against future income tax liability, is recognized as an asset in the Balance Sheet.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

**xii) Retirement and other Employee Benefits:**

- a. **Defined Contribution Plan:** Fixed contributions to Provident Fund are recognized in the accounts at actual cost to the Company.
- b. **Defined Benefit Plan:** The Company makes contribution to a scheme administered by the insurer to discharge gratuity liabilities to the employees. The Company records its gratuity liability based on independent actuarial valuation as at the Balance Sheet date.
- c. **Other Employee Benefits:** Other employee benefits are estimated and accounted as per the company's policy and the terms of the employment contract.

**xiii) Foreign Currency Transactions:**

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are reported at the exchange rate prevailing on the balance sheet date. Exchange differences relating to long term monetary items, arising during the year, as so far as they relate to the acquisition of

**NOTES to Financial Statements for the year ended 31st March, 2016**

the depreciable capital asset are added to/deducted from the cost of the asset and depreciated over the balance life of the asset after the commencement of actual production.

**xiv) Cash flow statement:**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

Cash and cash equivalents presented in the cash flow statement consist of cash on hand and unencumbered highly liquid cash bank balances.

**xv) Provisions:**

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**xvi) Earnings Per Share:**

The company reports basic Earnings per share (EPS) in accordance with Accounting Standard 20 on "Earnings per share". Basic EPS is computed by dividing the net Profit or Loss for the year attributable to equity share holders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**xvii) Segmenting Reporting:**

The Company is primarily engaged in the business of manufacture and sale of iron and steel products and generation and sale of power. The primary segment of the company is steel which in the context of Accounting Standard 17 on "Segment Reporting" constitutes reportable segment. However the company has captive power generation for manufacture of steel products. The unutilized power is sold to power traders and the revenue so generated is included in the sales.

**xviii) Cash and Cash Equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**xix) Prior period items**

All items of income/expenditure pertaining to prior period, which are material, are accounted through "prior period adjustments".

**xx) Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases.

**Where the Company is the lessee**

Operating lease payments are recognized as an expense in the Statement of profit and loss on straight-line basis over the lease term.

**Where the Company is the Lessor**

Assets subject to operating Leases are included in fixed assets. Lease income is recognized in the Statement of profit and loss. Costs including depreciation are recognized as an expense in the Statement of profit and loss.

**xxi) Contingent Liabilities**

A contingent Liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize contingent liability but discloses its existence in the financial statements.



## NOTES to Financial Statements for the year ended 31st March, 2016

## 2.1 SHARE CAPITAL

	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount ₹.	No. of Shares	Amount ₹.
<b>i. Authorised</b>				
Equity shares of ₹.10 each with voting rights	258,000,000	2,580,000,000	258,000,000	2,580,000,000
Redeemable Preference shares of ₹. 10/- each	1,000,000	10,000,000	1,000,000	10,000,000
Redeemable Cumulative Optionally Convertible preference shares of ₹. 10/- each	73,000,000	730,000,000	73,000,000	730,000,000
	<b>332,000,000</b>	<b>3,320,000,000</b>	<b>332,000,000</b>	<b>3,320,000,000</b>
<b>ii. Issued, Subscribed and fully paid up</b>				
Equity shares of ₹.10 each with voting rights	75,984,812	759,848,120	51,950,000	519,500,000
10.5% Non -Convertible Redeemable Preference shares of ₹.10/- each with voting rights	18,608,750	186,087,500	-	-
	<b>94,593,562</b>	<b>945,935,620</b>	<b>51,950,000</b>	<b>519,500,000</b>

**Rights, Preferences and restrictions attached to Equity Shares**

The Company has only one class of equity shares having a par value of ₹.10 per share. Each Shareholder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholding.

59,82,720 Equity Shares pending for allotment to shareholders of GSAL (India) Limited as per the Draft Rehabilitation Scheme (DRS) approved by the Hon'ble Board of Industrial and Financial Reconstruction and (BIFR) vide order dated 06th August' 2012 were allotted on 09.05.2015.

1,80,52,092 Equity Shares are pending for allotment to shareholders of Simhadri Power Limited consequent to the approval of amalgamation of Simhadri Power Limited with Steel Exchange India Limited effective from 1.4.2013 by the Honourable High Court of Judicature at Hyderabad for the state of Telagana and for the state of Andhra Pradesh and allotted on 27.01.2016.

1,86,08,750 10.5% Non Convertible Redeemable Preference Share Capital pending for allotment to shareholders of Simhadri Power Limited consequent to the approval of amalgamation of Simhadri Power Limited with Steel Exchange India Limited effective from 1.4.2013 by the Honourable High Court of Judicature at Hyderabad for the state of Telagana and for the state of Andhra Pradesh and allotted on 27.01.2016.

a) The Movement in subscribed and paid up capital is set out below:

Particulars	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	Amount ₹.	No. of Shares	Amount ₹.
<b>Equity shares:</b>				
i. Opening Balance	51,950,000	519,500,000	51,950,000	519,500,000
ii. Shares allotted during the year	24,034,812	240,348,120	-	-
iii. Closing Balance	<b>75,984,812</b>	<b>759,848,120</b>	<b>51,950,000</b>	<b>519,500,000</b>
<b>Preference shares:</b>				
i. Opening Balance	-	-	-	-
ii. Shares allotted during the year	18,608,750	186,087,500	-	-
iii. Closing Balance	<b>18,608,750</b>	<b>186,087,500</b>	-	-

b) Details of shares held by each shareholder holding more than 5% shares:

Name of the Shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of Shares	% held	No. of Shares	% held
<b>Equity shares with voting rights:-</b>				
i. Umashiv Garments Private Limited	18,209,115	23.96	17,244,090	33.19
ii. Vizag Profiles Private Limited	5763650	7.58	-	-
iii. VBC Ferro Alloys Ltd.	4,629,540	6.09	-	-



## NOTES to Financial Statements for the year ended 31st March, 2016

	As at 31.03.2016 Amount ₹.	As at 31.03.2015 Amount ₹.
<b>2.2 RESERVES &amp; SURPLUS</b>		
<b>a) Capital Reserve</b>		
Opening Balance	1,795,077,280	1,795,077,280
Additions during the Year	-	-
Closing Balance (A)	<u>1,795,077,280</u>	<u>1,795,077,280</u>
<b>b) Revaluation Reserve</b>		
Opening Balance	1,025,610,680	1,025,610,680
Addition on Account of revaluation of Land	-	-
Closing Balance (B)	<u>1,025,610,680</u>	<u>1,025,610,680</u>
<b>c) Amalgamation Reserve</b>		
Opening Balance	753,922,917	573,401,997
Additions during the Year	-	180,520,920
Closing Balance (C)	<u>753,922,917</u>	<u>753,922,917</u>
<b>d) Capital Redemption Reserve</b>		
Opening Balance	5,504,000	5,504,000
Transfer from Statement of Profit & Loss	-	-
Closing Balance (D)	<u>5,504,000</u>	<u>5,504,000</u>
<b>e) Subsidy</b>		
Opening Balance	1,500,000	1,500,000
Additions during the Year	-	-
Closing Balance (E)	<u>1,500,000</u>	<u>1,500,000</u>
<b>f) General Reserve</b>		
Opening Balance	56,500,000	56,500,000
Transferred from Statement of Profit and Loss	-	-
Closing Balance (F)	<u>56,500,000</u>	<u>56,500,000</u>
<b>g) Securities Premium Account</b>		
Opening Balance	897,823,960	897,823,960
Premium on shares issued during the year	-	-
Closing Balance (G)	<u>897,823,960</u>	<u>897,823,960</u>
<b>h) Investment Allowance Reserve</b>		
Opening Balance	1,720,306	1,720,306
Additions during the Year	-	-
Closing Balance (H)	<u>1,720,306</u>	<u>1,720,306</u>
<b>i) Surplus in Statement of Profit and Loss</b>		
Opening Balance	(1,729,968,729)	(1,917,983,130)
Depreciation as per companies act 2013	-	(96,551,808)
Add: Profit for the year	73,907,550	284,566,209
Closing Balance (I)	<u>(1,656,061,179)</u>	<u>(1,729,968,729)</u>
<b>Total (A+B+C+D+E+F+G+H+I)</b>	<u><b>2,881,597,964</b></u>	<u><b>2,807,690,414</b></u>
<b>2.3 EQUITY SHARE CAPITAL SUSPENSE</b>		
2,40,34,812 Equity shares of ₹.10/- each	-	240,348,115
	-	<u><b>240,348,115</b></u>
<b>2.4 10.5% PREFERENCE SHARE CAPITAL SUSPENSE</b>		
1,86,08,750 10.5% Non- Convertible Redeemable Preference shares of ₹.10/- each.	-	186,087,500
	-	<u><b>186,087,500</b></u>





**NOTES to Financial Statements for the year ended 31st March, 2016**

**2.5 LONG TERM BORROWINGS**

	As at 31.03.2016		As at 31.03.2015	
	Amount ₹.		Amount ₹.	
	Non Current	Current	Non Current	Current
<b>Secured</b>				
- Term Loans from Banks	2,162,900,001	691,235,727	2,815,200,000	637,457,837
<b>Unsecured</b>				
- Term Loans from others	300,750,000	152,380,698	471,227,370	33,508,679
- Interest free Sales Tax Loan	-	29,309,512	17,154,756	17,154,756
- Vehicle Hire Purchase Loans	7,555,206	3,082,086	7,017,729	4,764,466
	<b>2,471,205,207</b>	<b>876,008,022</b>	<b>3,310,599,854</b>	<b>692,885,739</b>

Details of terms of repayment for long-term borrowings and security provided in respect there of:

**Nature of Security**

Secured Corporate Term Loans availed from Banks are secured by exclusive first charge on specific fixed asset of the company and in other cases on first pari passu charge on the remaining fixed assets of the company ( excluding the fixed assets secured in favour of Term Loan lenders) and second pari passu charge on the current assets of the company and personal guarantee of promotor directors of the company.

Secured Term Loans from consortium of banks lead by State Bank of India, Commercial Br., Visakhapatnam are secured by first charge on lease hold rights on the factory land, and assets created out of the funds raised plant and machinery, spares, tools and accessories both present and future and personal guarantee of promotor directors of the company.

**Terms of repayment**

Banker/Financer	Terms of repayment
<b>Corporate Term Loans</b>	
State Bank of India outstanding as on 31.03.2016 of ₹.7,87,38,902 (Previous year: ₹.11,38,92,554)	Repayable in 16 quarterly installments commencing from March, 2014. Last installment due in December 2017. Rate of interest 14.85% p.a. as at year end.
State Bank of India outstanding as on 31.03.2016 of ₹.43,74,40,549 (Previous year: ₹.49,91,84,449)	Repayable in 16 quarterly installments commencing from December 2015. Last installment due in September 2019. Rate of interest 14.85% p.a. as at year end.
The karur Vysya Bank Limited outstanding as on 31.03.2016 of ₹.18,76,02,467 (Previous year: ₹.24,93,97,475)	Repayable in 10 quarterly installments commencing from May 2015. Last installment due in August 2017. Rate of interest 14.85% p.a. as at year end.
The Lakshmi Vilas Bank Limited outstanding as on 31.03.2016 of ₹.15,17,77,136 (Previous year: ₹. 25,30,79,244)	Repayable in 10 quarterly installments commencing from April, 2015. Last installment due in July 2017. Rate of interest 14.50% p.a. as at year end.
<b>Term Loans</b>	
State Bank of Bikaner & Jaipur outstanding as on 31.03.2016 of ₹.2,84,97,711 (Previous year: ₹.5,06,68,316)	Repayable in 28 quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 15.75% p.a. as at year end.
State Bank of India outstanding as on 31.03.2016 of ₹.5,61,78,943 (Previous year: ₹.10,22,57,484)	Repayable in 28 quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 15.00% p.a. as at year end.
State Bank of Mysore outstanding as on 31.03.2016 of ₹.2,89,88,425 (Previous year: ₹.5,10,99,409)	Repayable in 28 quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 15.75% p.a. as at year end.

**NOTES to Financial Statements for the year ended 31st March, 2016**

<b>Banker/Financer</b>	<b>Terms of repayment</b>
State Bank of Travencore outstanding as on 31.03.2016 of ₹.3,85,93,874 (Previous year: ₹.6,81,11,094)	Repayable in 28 quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 14.75% p.a. as at year end.
State Bank of India outstanding as on 31.03.2016 of ₹.40,15,70,970 (previous year: ₹.44,15,61,676)	Repayable in quarterly installments commencing from December, 2013. Last installment due in December, 2023. Rate of interest 14.40% p.a. as at year end.
State Bank of Hyderabad outstanding as on 31.03.2016 of ₹.41,85,64,355 (previous year: ₹.45,68,88,614)	Repayable in quarterly installments commencing from December, 2013. Last installment due in December, 2023. Rate of interest 14.40% p.a. as at year end.
State Bank of Patiala outstanding as on 31.03.2016 of ₹.30,40,16,796 (previous year: ₹.34,42,97,920)	Repayable in quarterly installments commencing from December, 2013. Last installment due in September, 2023. Rate of interest 14.40% p.a. as at year end.
State Bank of Bikanere & Jaipur outstanding as on 31.03.2016 of ₹.30,35,81,469 (previous year: ₹.34,44,09,888)	Repayable in quarterly installments commencing from December, 2013. Last installment due in December, 2023. Rate of interest 14.40% p.a. as at year end.
Punjab National Bank outstanding as on 31.03.2016 of ₹.41,85,84,130 (previous year: ₹.45,65,82,730)	Repayable in quarterly installments commencing from December, 2013. Last installment due in December, 2023. Rate of interest 14.40% p.a. as at year end.

**Maturity profile for Long term Unsecured Borrowings:****Amount ₹**

<b>Borrowings</b>	<b>Principal Repayable in</b>		
	<b>1-2 Years</b>	<b>2-3 Years</b>	<b>Above 3 Years</b>
Term Loans from others	152,380,698	100,750,000	200,000,000
Interest Free Sales tax Loan	29,309,512	-	-
Hire Purchase Loans	4,340,061	2,695,400	3,601,832

Installments falling due in respect of all the above Loans for a period of 12 months have been grouped under "Current maturities of long-term debt" (Refer Note 2.10)



**NOTES to Financial Statements for the year ended 31st March, 2016**

	Amount ₹ As at 31.03.2016	Amount ₹ As at 31.03.2015
<b>2.6 DEFERRED TAX LIABILITY</b>		
On difference between book balance and tax balance of fixed assets	585,108,443	522,269,487
On expenditure deferred in the books but allowable for tax purposes	-	-
	<b>585,108,443</b>	<b>522,269,487</b>
<b>2.7 OTHER LONG TERM LIABILITIES</b>		
Deposits from Dealers	368,500,000	501,000,000
Employees Security Deposit	<b>50,128</b>	311,013
	368,550,128	<b>501,311,013</b>
<b>2.8 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
a) Working Capital Loan from Banks (Secured by hypothication of raw materials, finished goods, stores & spares and book debts and second charge on encumbered and unencumbered assets of the Company)	3,387,355,012	3,130,432,284
	<b>3,387,355,012</b>	<b>3,130,432,284</b>
<b>2.9 TRADE PAYABLES*</b>		
Dues to Micro and Small Scale Enterprises (Note:2.28)	-	-
Dues to other than Micro and Small Scale Enterprises	5,788,919,312	5,880,518,856
	<b>5,788,919,312</b>	<b>5,880,518,856</b>
<b>2.10 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt (Note:2.5)	876,008,022	692,885,739
Payables for Capital goods	31,042,524	38,133,994
Security Deposits	986,190	1,150,003
Advances from Customers	794,649,653	309,492,654
Payables to Employees	17,448,627	16,737,782
Statutory remittances	301,537,620	303,967,811
Unclaimed Dividend (#)	743,400	1,725,323
Other Current Liabilities	135,869,625	92,185,968
Payable for Expenses (**)	88,741,613	71,606,502
	<b>2,247,027,274</b>	<b>1,527,885,775</b>

\* **Disclosures:** The Company has no information as to whether any of its vendors constitute as Supplier within the meaning of Section 2(n) of the Micro, Small and Medium Enterprises Development Act,2006 as no delcartions were received under the said Act from them.

# There are no amount due for payment to the Investor Education Protection Fund(IEPF) U/s. 205 C of the companies Act,1956 as on reporting date

\*\* Payable for Expenses includes an amount of ₹. 1,64,37,722/- (Previous Year ₹.1,82,93,067) due to Companies in which Directors are interested.



(in ₹.)

2.11 TANGIBLE ASSETS	Particulars	(in ₹.)							Total		
		Freehold Land and Roads	Freehold Buildings	Machinery	Electricals	Equipments	Furniture & Fixtures	Vehicles		Roads	Railway Sidings
	<b>Gross Block as at 01.04.2015</b>	1,423,051,214	1,264,831,936	5,472,135,873	488,141,018	47,363,993	17,320,651	77,134,831	62,179,144	67,562,743	8,919,721,402
	Additions During the Year	1,352,760	3,464,739	34,313,896	63,000	2,609,472	194,200	5,503,663	64,335,898	-	111,837,628
	Less: assets disposed during the year	-	1,799,873	107,158,424	-	103,490	20,000	4,116,629	-	-	113,198,416
	<b>Gross Block as at 31.03.2016</b>	1,424,403,974	1,266,496,801	5,399,291,346	488,204,018	49,869,975	17,494,851	78,521,865	126,515,042	67,562,743	8,918,360,614
	Previous period	1,423,051,214	1,264,831,936	5,472,135,873	488,141,018	47,363,993	17,320,651	77,134,831	62,179,144	67,562,743	8,919,721,402
	<b>Accumulated Depreciation as at 01.04.2015</b>	-	274,840,995	2,215,887,725	123,428,907	40,160,900	12,646,250	41,857,471	5,828,823	64,184,605	2,778,835,677
	Depreciation During the Year	-	42,174,171	130,736,117	55,141,587	2,327,291	779,827	8,720,176	25,565,242	-	265,444,409
	less: Depreciation on assets disposed during the year	-	30,482	35,031,779	-	23,597	1,388	3,066,239	-	-	38,153,485
	<b>Accumulated Depreciation as at 31.03.2016</b>	-	316,984,684	2,311,592,063	178,570,493	42,464,593	13,424,689	47,511,408	31,394,065	64,184,605	3,006,126,601
	Previous period	-	274,840,995	2,215,887,725	123,428,909	40,160,896	12,646,251	41,857,465	5,828,823	64,184,605	2,778,835,672
	<b>Net Block as on 31.03.2016</b>	1,424,403,974	949,512,116	3,087,699,282	309,633,525	7,405,382	4,070,162	31,010,456	95,120,977	3,378,137	5,912,234,013
	Previous period	1,423,051,214	989,990,940	3,256,248,148	364,712,109	7,203,097	4,674,400	35,277,366	56,350,321	3,378,137	6,140,885,731



	Amount ₹ As at 31.03.2016	Amount ₹ As at 31.03.2015
<b>2.12 LONG TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Capital Advances	6,635,828	11,709,521
Security Deposits	88,862,603	104,279,863
	<b>95,498,431</b>	<b>115,989,384</b>
<b>2.13 CURRENT INVESTMENTS</b>		
Canara Bank Mutual Fund Investment (Market Value as on 31st March, 2016 Rs.25,40,797)	2,500,000	
	<b>2,500,000</b>	-
<b>2.14 INVENTORIES</b>		
Raw Material	3,540,372,620	3,017,633,320
Finished Goods	3,182,880,948	3,449,096,747
Consumables	88,028,861	63,693,079
Stores & Spares	76,305,260	69,768,814
Stock in transit of Raw material	294,273,087	207,699,950
	<b>7,181,860,776</b>	<b>6,807,891,911</b>
<b>2.15 TRADE RECEIVABLES*</b>		
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they were due for payment	234,203,904	156,024,459
Other trade receivables	2,431,394,966	2,932,150,382
	<b>2,665,598,870</b>	<b>3,088,174,841</b>
<b>2.16 CASH AND BANK BALANCES**</b>		
<b>(i) Cash and Cash Equivalents</b>		
a) Balances with banks - In Current Accounts	46,276,926	103,384,282
b) Cash on Hand	8,314,145	3,700,562
	<b>54,591,071</b>	<b>107,084,845</b>
<b>(ii) Other Bank Balances</b>		
a) In deposit accounts - Held as Margin Money	836,310,549	625,874,571
b) Unpaid dividend accounts	743,400	1,725,323
	837,053,949	627,599,894
	<b>891,645,021</b>	<b>734,684,739</b>

**\* Disclosures:**

Trade Receivables includes an amount of ₹.9,08,19,187/- (Previous Year ₹. 84,71,043) due from Companies in which Directors are interested.

Periodically, the Company evaluates all customer dues to the Company for collectibility. The need for provisions is assessed based on various factors including collectibility of specific dues, risk perceptions of the industry in which the customer operates, general economic factors, which could effect the Customer's ability to settle. The Company normally provides for debtors dues outstanding for six months or longer from the invoice date, as at the Balance Sheet date if any. the Company pursues the recovery of the dues, in part or full.

**\*\* Disclosures:**

Cash and Cash equivalents as of March 31, 2016 and March 31, 2015 includes restricted cash balances of ₹.83,63,10,549 and ₹.62,58,74,571 respectively. The restriction is primarily on account of Cash and Bank balances held as margin money deposits against Letter of Credits sanctioned by banks.



	Amount ₹ As at 31.03.2016	Amount ₹ As at 31.03.2015
<b>2.17 SHORT TERM LOANS AND ADVANCES</b>		
Unsecured, considered good		
Loans and advances to others		
Advances For Purchases & Works	357,445,969	272,223,651
Advance Tax and Tax Deducted at Source	30,409,022	32,026,728
Indirect Tax Balances	90,358,700	37,809,063
MAT Credit Entitlement	153,973,013	153,973,013
State Govt incentives receivable (Sales Tax)	53,559,951	82,696,643
Prepaid Expenses	11,591,850	4,505,069
Other Advances	56,893,697	68,555,432
	<b>754,232,202</b>	<b>651,789,599</b>

**Disclosures:**

The Company has made provision for tax in the earlier years on basis of provision U/s. 115JB of the Income Tax Act, 1961. The same is taken into books as it can be adjusted against tax normal tax liability during the specified period. In accordance with the guidance note issued by ICAI, the company will review the same at each balance sheet date and write 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.

	Amount ₹ As at 31.03.2016	Amount ₹ As at 31.03.2015
<b>2.18 OTHER CURRENT ASSETS</b>		
Unsecured, considered good		
Advance for Expenses	37,831,720	43,545,526
Other Receivables	604,416,336	578,830,635
	<b>642,248,056</b>	<b>622,376,160</b>



	Amount ₹ Year Ended 31.03.2016	Amount ₹ Year Ended 31.03.2015
<b>2.19 REVENUE FROM OPERATIONS</b>		
<b>Sale of Products</b>		
Finished Goods	6,302,755,639	5,816,807,691
Energy	1,638,661,550	1,743,132,847
Sale of Traded Goods	9,221,149,510	8,168,305,614
<b>Other Operating revenue</b>		
Sales Incentives	214,738,596	41,756,643
Insurance Claim on Stocks	-	403,000,000
Sales Tax Incentives	15,671,983	25,621,848
	<b>17,392,977,277</b>	<b>16,198,624,643</b>
<b>Details of products Sold</b>		
<b>Finished Goods Sold</b>		
Rebar & Wires	4,475,325,468	4,570,765,040
Billets & Ingots	1,722,780,595	455,522,714
Pig Iron	23,925,314	
Sponge iron	-	64,809,170
Steel Scrap	16,468,910	13,601,067
Coal fines	59,274,969	242,928,826
Pellets	-	336,671,988
Iron Ore Fines	-	117,871,921
Mill Scale and Others	4,980,384	14,636,965
	<b>6,302,755,639</b>	<b>5,816,807,691</b>
<b>Energy</b>		
Power	1,638,661,550	1,743,132,847
	<b>1,638,661,550</b>	<b>1,743,132,847</b>
<b>Trading Goods Sold</b>		
Rebar, Wire & Wire Rod Coils	7,426,247,146	7,854,517,577
Billets & Ingots	233,537,112	21,234,514
Pig Iron & Scrap	1,452,388,406	118,814,281
Structurals & Others	108,976,846	101,796,493
Coal	-	71,942,749
	<b>9,221,149,510</b>	<b>8,168,305,614</b>
<b>2.20 OTHER INCOME</b>		
Interest Received	68,285,521	46,484,655
Lease Rental Income	7,558,326	7,080,000
Insurance receipts	11,783,571	40,018,721
Misc. Receipts	21,659,598	29,056,943
	<b>109,287,016</b>	<b>122,640,319</b>



	Amount ₹ Year Ended 31.03.2016	Amount ₹ Year Ended 31.03.2015
<b>2.21 COST OF MATERIAL CONSUMED</b>		
<b>Raw Material Consumed</b>		
Opening Balance	3,017,633,320	2,985,805,096
Purchases	4,549,187,389	5,266,227,725
	<b>7,566,820,709</b>	<b>8,252,032,820</b>
Less: Closing Stock (**)	3,540,372,620	3,017,633,320
Cost of Materials Consumed (#)	<b>4,026,448,090</b>	<b>5,234,399,500</b>
<b># Details of Materials Consumed</b>		
Billets, Blooms & Ingots	179,887,341	172,526,664
Scrap	527,733,548	286,923,586
Pig Iron	731,191,350	777,862,313
Wire Rod Coils	150,753,271	98,370,430
Coal/Coal fines	1,069,828,865	2,072,178,094
Iron ore	331,468,143	777,524,251
Lime Stone	18,307,496	14,968,184
Pellets	1,015,975,646	1,017,897,288
Others	1,302,430	16,148,690
	<b>4,026,448,090</b>	<b>5,234,399,500</b>
<b>** Details of Closing Stock of Raw Materials:</b>		
Scrap	138,106,464	386,327,160
Iron Ore	80,028,616	7,291,690
Coal/Coal fines	3,130,159,857	2,443,800,053
Iron Ore Fine	56,528,471	18,854,220
Pig Iron	40,422,500	52,309,217
Iron Ore (Acce)	76,403,800	78,926,080
Lime Stone	471,478	1,274,141
Pellets	-	13,298,599
Wire Rod Coils	-	15,171,160
Sponge Iron	113,484	113,484
PCM Jam	-	267,518
Nut Coke	18,137,951	-
	<b>3,540,372,620</b>	<b>3,017,633,320</b>





	Amount ₹ Year Ended 31.03.2016	Amount ₹ Year Ended 31.03.2015
<b>2.22 PURCHASE OF TRADED GOODS</b>		
Rebar, Wire & Wire Rod Coils	7,418,905,492	7,623,757,001
Billets,Blooms & ingots	234,336,066	21,178,484
Pig Iron & Scrap	1,725,824,300	119,695,343
Structurals	109,688,278	100,037,173
	<b>9,488,754,136</b>	<b>7,864,668,001</b>
<b>2.23 CHANGES IN INVENTORIES</b>		
Closing Stock of:		
Finished Goods	2,261,309,981	2,930,895,913
Traded Goods	921,570,967	518,200,834
<b>Total (A)</b>	<b>3,182,880,948</b>	<b>3,449,096,747</b>
Opening Stock of:		
Finished Goods	2,930,895,913	2,378,214,240
Traded Goods	518,200,834	703,498,241
<b>Total (B)</b>	<b>3,449,096,747</b>	<b>3,081,712,481</b>
<b>(Increase)/Decrease in Stock (A-B)</b>	<b>266,215,799</b>	<b>(367,384,267)</b>

Details of inventory	Manufacturing	Trading	Manufacturing	Trading
Rebar & Wires	660,828,135	195,935,499	510,596,127	375,134,687
Billets & Ingots	551,116,725	593,588	500,769,848	608,778
Sponge iron	449,016,245	-	417,868,851	-
Pig iron & Scrap	-	714,829,140	-	132,715,972
Steel Scrap	308,845,856	-	339,376,841	-
Structurals	-	10,212,740	-	9,741,397
Coal & Coal Fines	223,625,984	-	1,094,205,537	-
Mill Scale and Others	20,692,927	-	13,282,634	-
Slag	47,184,109	-	54,796,075	-
	<b>2,261,309,981</b>	<b>921,570,967</b>	<b>2,930,895,913</b>	<b>518,200,834</b>



	Amount ₹ Year Ended 31.03.2016	Amount ₹ Year Ended 31.03.2015
<b>2.24 EMPLOYEE BENEFITS</b>		
Salaries & Wages	225,831,989	220,842,242
Contributions to provident Fund and other funds	5,912,682	3,993,752
Staff welfare	4,341,197	3,306,202
	<b>236,085,868</b>	<b>228,142,196</b>
<b>2.25 FINANCE COSTS</b>		
Interest Expenses on:		
- Term loans	409,226,666	454,859,914
- Working Capital Loans	437,595,754	420,221,210
- Others	187,974,924	234,908,296
Bank Charges & Comission	192,480,796	166,301,497
	<b>1,227,278,141</b>	<b>1,276,290,917</b>
<b>2.26 OTHER EXPENSES</b>		
<b>a) Manufacturing Expenses:</b>		
Stores, Spares & Consumables	357,913,110	270,426,210
Power & Fuel	24,394,925	31,658,313
Gas charges	264,888,610	191,400,775
Repairs & Maintenance	59,502,002	41,341,637
Factory Maintanance	11,231,381	9,014,747
Freight Charges	4,113,835	4,974,318
Loading & Unloading Charges	1,717,059	1,462,239
Transmission Charges	48,219,072	35,751,470
Contract Charges	48,170,848	32,627,396
Labour Charges	770,805	680,204
Other Manufacturing expenses	53,318,435	14,099,188
<b>b) Other Operational Expenses:</b>		
Legal & professional Charges	16,186,757	17,088,602
Rent,Rates & Taxes	25,108,248	120,943,357
Insurance	17,621,840	14,862,750
Payment to Auditors		
As Auditors	4,500,000	3,000,000
For Tax Audit	900,000	900,000
For Tax representation	450,000	450,000
For Certification & Others	1,050,000	1,050,000
Discounts & Comissions	127,232,396	33,789,500
CSR Expenses	3,120,933	6,049,454
Selling & Distribution Expenses	7,825,558	3,022,133
General Charges ( #)	83,891,276	98,489,170
Exchange Fluctuation Loss (Net)	11,415,540	8,900,543
Prior period Expenses (Net)	182,232	398,692
	<b>1,173,724,863</b>	<b>942,380,699</b>



	<b>Amount ₹ Year Ended 31.03.2016</b>	<b>Amount ₹ Year Ended 31.03.2015</b>
Office Maintenance	15,582,112	13,864,067
Electricity charges	1,202,862	743,196
Postage & Telephone	2,186,171	1,863,143
Printing & Stationary	1,903,924	1,575,821
Freight & Handling Charges	23,232,403	41,704,159
Yard Expenses	1,395,818	1,292,307
Vehicle Maintenance	12,252,084	9,277,251
Security Charges	8,787,142	8,881,660
Miscl. Expenses	3,244,636	2,558,504
Business Promotion	4,536,949	4,408,688
Donations	366,616	690,500
Bad Debts Written Off	1,944,469	-
Misc. Exp Written off	-	638,373
Deferred revenue expenditure written off	-	3,850,000
Travelling & Conveyance	7,256,090	7,141,500
	<b>83,891,276</b>	<b>98,489,170</b>



**NOTES to Financial Statements for the year ended 31st March, 2016**

- 2.27 In the opinion of the management, the Current Assets, Loans and Advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.
- 2.28 Disclosure of Sundry creditors under trade payables has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 and relied upon by the Auditors.

Details of total outstanding dues to Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31st March 2016	31st March 2015
o Due to Micro, small enterprises- other Disclosures;	-	-
o Principal amount remaining unpaid as on 31.03.2016 includes	-	-
o Sundry Creditors includes to micro, small and medium enterprises *	-	-
o Interest due thereon as on 31.03.2016 Interest paid by the company in terms of Sec 16 of Micro, small and medium enterprises development Act 2006 along with the amount of payment made to the supplier beyond the appointed day during the year.	-	-
o Interest due on payable for the period of delay in making payment (which have been paid beyond the appointed day during the year) but without adding the interest specified under micro, small and medium enterprises development act 2006	-	-
o Interest Accrued and remaining unpaid as on 31.03.2016	-	-

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 enterprises

- 2.29 Contingent liabilities and commitments to the extent not provided for

Contingent Liabilities	Amount ₹. 31st March 2016	Amount ₹. 31st March 2015
a. Claim against the company by GAIL not acknowledged as debt	1,84,07,569	1,84,07,569
b. Claim of APEDCL not acknowledged as debt	9,48,98,100	9,48,98,100
c. Demands from Sales tax department disputed	1,55,50,782	1,55,50,782
d. Demands from Excise departments disputed	12,53,93,944	4,84,45,419
e. Others	2,73,89,984	2,73,89,984
f. Letters of credit and bank guarantees	1,38,00,000	1,30,00,000

Contingent liabilities represents show cause notices received or pending for final consideration and the Company has already submitted its objections in writing against the demands.



**NOTES to Financial Statements for the year ended 31st March, 2016**

2.30 Value of imports calculated on C.I.F. basis in respect of:

	<b>31st March 2016 Value in ₹.</b>	<b>31st March 2015 Value in ₹.</b>
Raw Materials	150,14,42,866	131,03,31,671
Components and Spares	1,49,10,676	20,98,252
<b>Total</b>	<b>151,63,53,542</b>	<b>131,24,29,923</b>

2.31 Expenditure in foreign currency:

	<b>31st March 2016 Value in ₹.</b>	<b>31st March 2015 Value in ₹.</b>
Raw-Material	94,48,08,715	77,84,29,165
Components & Spares	1,19,28,806	30,46,599
Travelling Expenses	3,42,399	5,05,609
Others	64,57,633	97,01,364
<b>Total</b>	<b>96,35,37,553</b>	<b>79,16,82,737</b>

2.32 **The details of related party transactions in terms of Accounting Standard (AS 18) are as follows:**

a) Names of Related Parties and relation with the Company:

**i) Key Management Personnel**

- 1) B. Satish Kumar- Chairman and Managing Director
- 2) B. Suresh Kumar - Joint Managing Director
- 3) B. Suresh - Director
- 4) B. Ramesh Kumar - Executive Director

**ii) Relatives of Key Management Personnel**

- 1) B. Rajesh - Vice President Finance
- 2) B. Mohit Sai Kumar - Manager Marketing

**iii) Enterprise over which key management personnel/their relatives exercise significant influence:**

- 1) Vizag Profiles Private Limited
- 2) Umashiv Garments Private Limited
- 3) Simhadri Wires Private Limited
- 4) Simhadri Pellets India limited
- 5) Satyatej Vyaapar Private Limited
- 6) VPL Integral CFS Private Limited
- 7) Sri Ananda Subbaraya Wire Products Private Limited.

**b) Particulars of transactions during the period :**

**Amount (₹. )**

<b>Nature of transactions</b>	<b>31st March, 2016</b>	<b>31st March,2015</b>
i) Transactions with Key Management Personnel:		
Sri B.Satish Kumar Remuneration	66,33,940	66,41,983
Sri B.Suresh Kumar Remuneration	60,00,000	66,00,000
Sri B.Ramesh Kumar Remuneration	60,00,000	60,00,000



**NOTES to Financial Statements for the year ended 31st March, 2016**

<b>Nature of transactions</b>	<b>31st March, 2016</b>	<b>31st March,2015</b>
i) Transactions with relatives of Key Management Personnel:		
Sri B.Rajesh Salary	30,00,000	30,00,000
Sri B.Mohit Sai Kumar Salary	18,00,000	9,00,000
iii) Transactions with enterprise over which key management personnel/their relatives exercise significant influence:		
M/s. Vizag Profiles Private Limited:		
- Sale of Goods	70,56,902	92,44,160
- Purchase of Goods	8,26,61,159	Nil
- Services	21,89,85,462	8,92,39,273
- Lease Rent	99,00,000	35,11,500
M/s. Sri Ananda Subbarya Wire Products Private Limited		
- Sale of Goods	34,52,01,135	Nil
- Sale of Machinery	10,30,50,000	Nil
- Purchase of Goods	9,89,869	Nil
- Lease Rent	33,333	Nil

**c) Amount due from/(due to) related parties as at the year end:**

<b>Nature of transactions</b>	<b>31st March, 2016</b>	<b>31st March,2015</b>
Enterprise over which key management personnel/their relatives exercise significant influence:		
M/s. Vizag Profiles Private Limited	(1,64,37,722)	52,93,667
M/s. Ananda Subbarya Wire Products Private Limited	9,08,19,187	Nil

**NOTES to Financial Statements for the year ended 31st March, 2016****2.33 Earnings Per Share:**

	<b>31st March 2016</b>	<b>31st March 2015</b>
Net Profit for the Period/Year	7,39,07,550	28,45,66,209
Amount Available for Equity Share Holders	7,39,07,550	28,45,66,209
Weighted Average Number of Shares for Basic EPS	6,04,51,867	5,19,50,000
Add: Adjustment for Share suspense	0.00	59,82,720
Weighted Average Number of Shares for Diluted EPS	6,04,51,867	7,59,84,812
Nominal Value per Share (₹)	10.00	10.00
Basic Earnings per Share (₹)	1.22	5.48
Diluted Earnings per Share(₹)	1.22	3.75

2.34 The balance shown in Sundry Debtors, Sundry Creditors, advances are subject to confirmation from the respective parties.

2.35 Director Remuneration: ₹ 1,86,33,940 (Previous Year ₹ 1,86,41,983)

2.36 Previous year figures have been regrouped / re arranged / re-classified wherever considered necessary to conform to the classification of the current year.

As per our report of even date  
for **PAVULURI & Co.**

Chartered Accountants  
Firm Reg. No. 012194S

**CA. P. A. RAMAIAH**

Partner

M.No. : F- 203300

Place: Visakhapatnam

Date : 28.05.2016

for and on behalf of the Board of Directors

**B. SATISH KUMAR**

Chairman & Managing Director  
(DIN : 00163676)

**V.S.RAKESH**

Chief Financial Officer

Place : Visakhapatnam

Date : 28.05.2016

**B. SURESH KUMAR**

Jt. Managing Director  
(DIN : 00206473)

**L. BABU ARE**

Company Secretary

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# STEEL EXCHANGE INDIA LIMITED

**Regd.Office:** # 303, My Home Laxmi Nivas, Greenlands, Ameerpet, Hyderabad - 500 016.

Telephone No: +91-40-23403725 Fax No: +91- 40- 23413267

Website: www.seil.co.in email: cs@seil.co.in **CIN: L74100AP1999PLC031191**

## ATTENDANCE SLIP

**17th Annual General Meeting - September 30, 2016**

**PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER  
AT THE ENTRANCE OF THE MEETING HALL**

<b>DP ID*</b>	
---------------	--

<b>Folio No</b>	
-----------------	--

<b>Client ID*</b>	
-------------------	--

<b>No.of Shares held</b>	
--------------------------	--

I Certify that I am member /Proxy for the member of the company, I hereby record my presence at the 17th Annual General Meeting of the Company held on Friday, the September 30th, 2016 at 11:45 AM at The Plaza, Begumpet, Hyderabad, Telangana- 500 016.

(Signature of Member / Proxy)

-----

**Note :** Please fill in the attendance slip and hand it over at the entrance of the meeting .

Persons attending the Annual General Meeting are required to bring their copies of Annual Reports as the practice of distribution of copies of the Report at the meeting has been discontinued.

\* Applicable for Investors holding shares in electronic form



ROUTE MAP TO AGM VENUE





# STEEL EXCHANGE INDIA LIMITED

Regd. Office: # 303, My Home Laxmi Nivas, Greenlands, Ameerpet, Hyderabad - 500 016.

Telephone No: +91-40-23403725 Fax No: +91- 40- 23413267

Website: www.seil.co.in, email: cs@seil.co.in, CIN: L74100AP1999PLC031191

## PROXY FORM

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

Name of the Member(s):

Registered address:

E-mail Id:

Folio No. / Client ID:

DP ID:

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

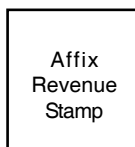
- (1) Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ or failing him;
- (2) Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ or failing him;
- (3) Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ or failing him;

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ behalf at the 17th Annual General Meeting of the Company to be held on **Friday, the September 30th, 2016 at 11:45 AM at The Plaza, Begumpet, Hyderabad, Telangana-500 016** and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No	Resolutions	FOR	AGAINST
	<b>Ordinary Business</b>		
1	Consider and adopt Financial Statements of the Company for the year ended 31st March, 2016 together with the Reports of the Board of Directors and Auditors' thereon.		
2	Appointment of Mr. Bavineni Suresh as a director retiring by rotation.		
3	Appointment of Mr. V.V. Krishna Rao as a director retiring by rotation.		
4	Appointment of M/s. Pavuluri & Co, Chartered Accountants as Statutory Auditors of the company.		
	<b>Special Business</b>		
5	Reappointment of Mr. Bandi Satish Kumar as Chairman and Managing Director of the Company.		
6	To ratify the remuneration payable to M/s. DZR & Co., Cost Auditors of the Company for FY 2016-17.		
7	To ammended the captial clause V of the Memorandum of Association of the Company.		
8.	To adopt new set of Articles of Association in accordance with the Companies Act, 2013.		

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Signature of the Shareholder \_\_\_\_\_



\_\_\_\_\_  
Signature of First proxy holder

\_\_\_\_\_  
Signature of Second proxy holder

\_\_\_\_\_  
Signature of Third proxy holder

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

*If undelivered, please return to :*

**STEEL EXCHANGE INDIA LIMITED**

# 303, My Home Laxmi Nivas, Greenlands,

Ameerpet, Hyderabad - 500 016.

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