

STEEL EXCHANGE INDIA LIMITED



**FOURTEENTH ANNUAL REPORT
2012 - 2013**

BOARD OF DIRECTORS

B. SATISH KUMAR	Chairman & Managing Director
B. SURESH 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

COMPANY SECRETARY

B. NARAHARI

STATUTORY AUDITORS

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

COST AUDITORS

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

BANKERS and FINANCIAL INSTITUTIONS

Working Capital Lenders

State Bank of India, Commercial Branch, Visakhapatnam.
State Bank of Hyderabad, VSP Steel Township Branch, Visakhapatnam.
Punjab National Bank, Banjara Hills, Hyderabad
The Lakshmi Vilas Bank, Gajuwaka Branch, Visakhapatnam.
Bank of India, Suryabagh Branch, Visakhapatnam.
IDBI Bank, MCG Branch, Visakhapatnam.
The Karur Vysya Bank, Daba Gardens Branch, Visakhapatnam.

Term Loan Lenders

State Bank of India, Commercial Branch, Visakhapatnam.
State Bank of Mysore, Industrial Finance Branch, Hyderabad.
State Bank of Hyderabad, VSP Steel Township Branch, Visakhapatnam.
State Bank of Travancore, Visakhapatnam Branch, Visakhapatnam.
State Bank of Bikaner and Jaipur, Visakhapatnam Branch, Visakhapatnam.
Pridhvi Asset Reconstruction and Securitisation Company Limited, Hyderabad

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, Andhra Pradesh.
Telephone No: +91-40-23403725 Fax No: +91- 40- 23413267
www.seil.co.in

CORPORATE OFFICE

103, Vizag Profile Towers, Kurmannapalem, Visakhapatnam - 530 046, Andhra Pradesh.
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), Andhra Pradesh.

Rolling Division:

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

Wire Drawing Division - Unit-1:

Plot No. 27, E-Block, IDA, Auto Nagar, Visakhapatnam - 530 012, Andhra Pradesh.

Wire Drawing Division (HC Wire Products) - Unit-2:

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

INTEGRATED STEEL PLANT

Sponge Iron Division:

Malliveedu, L.Kota Mandal, Vizianagaram District, Andhra Pradesh.

Rolling Division :

Malliveedu, L.Kota Mandal, Vizianagaram District, Andhra Pradesh.

SMS Billet Unit :

Malliveedu, L.Kota Mandal, Vizianagaram District, Andhra Pradesh.

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FOURTEENTH ANNUAL GENERAL MEETING

Date : 12th August 2013
Day : Monday
Time : 12.00 Noon
Place : The Square Hyderabad,
6-3-870, Green Lands,
APTDC Paryatak Bhavan,
Begumpet, Hyderabad - 500 016
Phone: 040 - 4949 5959



NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Members of Steel Exchange India Limited will be held on **Monday, the 12th day of August, 2013 at 12.00 Noon at The Square Hyderabad, 6-3-870, Green Lands, APTDC Paryatak Bhavan, Begumpet, Hyderabad - 500 016** to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Statements of Profit and Loss Account for the 9 months period ended 31st March 2013 and the Balance Sheet as at that date together with the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. V.V. Krishna Rao, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. R. Ramachandra Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the Company and fix their remuneration. M/s. Pavuluri & Co, Chartered Accountants, the retiring auditors are eligible for appointment as Statutory Auditors.

In this connection, to consider and if though fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Pavuluri & Co, Chartered Accountants (Firm Registration No. 012194S) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company."

By Order of the Board of Directors

Place: Visakhapatnam

Date: July 03, 2013

B. Narahari

Company Secretary

Notes:

1. 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 valid and effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 7th day of August, 2013 to Saturday, the 10th day of August, 2013 (both days inclusive).
3. The additional information on Directors, seeking re-appointment under Item Nos. 2 and 3 above, as required by Clause 49 of the Listing Agreement is given below.
4. 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.
5. 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.
6. Members holding shares in physical form can avail of the nomination facility by filing the Form 2B (in duplicate) as prescribed under the Companies Act, 1956 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).
7. 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 Limited. 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.
8. 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.
9. 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 dematerialised form.



10. The amount of dividend which remains unclaimed or unpaid for a period of seven years from the date of transfer to Unpaid Dividend Account shall be transferred to Investor Education & Protection Fund (IEPF) under Section 205C of the Companies Act, 1956 and no claims shall lie against the Fund or the Company in respect of individual amounts thereafter. The members therefore requested to check up and send their claims to the Company, if any for the years 2005-06, 2006-07, 2007-08 and 2008-09 before the respective amounts become due for transfer to the Fund (IEPF).
11. 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 dematerialised holdings and the Members who hold shares in physical form are requested to send the details via e-mail at cs@seil.co.in or info@vccilindia.com by quoting their registered folio numbers.

Additional Information on Directors seeking re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement):

As required under the Listing Agreement, the particulars of Directors proposed to be re-appointed/ appointed are given below:

Name	Mr. V.V. Krishna Rao	Mr. R. Ramachandra Rao
Date of Birth	10.06.1948	18.07.1959
Qualification	M.A	MS (Communications Engg), IIT, New Delhi
Expertise in Specific Functional Area	More than 35 years of experience in Marketing and in Steel Industry	More than 25 years of experience in the areas of Power quality, Communications, Aviation, Microwave, Electronics and Management
Date of appointment on the Board of the Company	12.01.2000	30.01.2006
Other Directorships	<ol style="list-style-type: none"> 1. Vizag Profiles Pvt Ltd 2. VPL Projects Pvt Ltd 3. Vizag Profile Constructions India Pvt Ltd 	<ol style="list-style-type: none"> 1. Merlinhawk Associates Pvt Ltd 2. Merlinhawk Aerospace Pvt Ltd 3. Terradune Sciences Pvt. Ltd. 4. Browndove Healthcare Pvt. Ltd. 5. Terradune Technologies Pvt Ltd 6. Merlinhawk Engineering Pvt Ltd 7. Madaksira Vineyards Pvt Ltd
Member of the Committees in other Companies	Nil	Nil
No of Equity Shares held in the Company	6,43,736	NIL

**DIRECTORS' REPORT****To the Members,**

Your Directors take pleasure in presenting the Fourteenth Annual Report of the Company together with the Audited Statements of Accounts for the 9 months period ended March 31, 2013.

FINANCIAL RESULTS:

The performance of the Company during period under review is summarised below:

(₹ in Lakhs)

PARTICULARS	9 Months ended 31.03.2013*	15 Months ended 30.06.2012*
Total Income	98150.66	170209.42
Total Expenditure (excluding Depreciation and Interest)	86630.99	153931.27
Profit before Interest & Depreciation	11519.57	16278.15
Less: Interest and other financial charges	6309.16	10781.06
Depreciation	1175.94	1716.46
Profit before Tax	4034.47	3780.63
Less: Provision for Tax		
- Current and earlier year Taxes	-	1062.50
- Deferred Tax	354.79	989.05
- Tax Expense for prior years /(Excess provision written back)	(1649.20)	69.80
- MAT Credit Entitlement	-	(1027.85)
Profit after Tax	5328.89	2687.13
Profit brought forward from previous year	(26478.18)	4469.17
Profit available for Appropriation/(Loss)	(21149.29)	7156.30
Appropriations:		
Transfer to General Reserve	-	75.00
Proposed Dividend on Preference Shares	-	4.70
Tax on Dividend as above	-	0.76
Transfer to Capital Redemption Reserve	-	55.04
Balance		7020.80
Balance of GSAL (India) Ltd on amalgamation		(33498.98)
Balance carried forward	(21149.29)	(26478.18)

***Note:** The current period's figures are not comparable with the previous period's figures as the current period's figures are for 9 months where as the previous period's figures are for 15 months.

Review of Operations:

The Company achieved a turnover of ₹. 981.51 crores for the 9 months period ended 31st March 2013 as against ₹. 1702.09 crores in the previous period ended 30th June 2012. The Company earned a Gross Profit of ₹. 115.20 crores before interest and depreciation as against ₹. 162.78 crores in the previous period. After deducting interest of ₹. 63.09 crores, providing a sum of ₹. 11.76 crores towards depreciation and after adjusting deferred tax and excess income tax written back, the operations resulted in a Net Profit of ₹. 53.29 crores as against ₹. 26.87 crores for the previous 15 months period ended 30th June 2012.



Though the company's manufacturing activity was marginally lower during the period under review, higher net profit was attributable to increase in margins in manufacturing activity and trading activity coupled with increase in steel prices when compared to previous period. Further the net profit also increased with write back of excess provision of income tax of earlier years. However decrease in the turnover was mainly on account of sluggish market conditions and frequent and long power cuts imposed in the state.

During the period under review, the company continued with low level of operations at the Steel Melting Division at Kothapeta unit. The Company sold the unutilised power produced from the Power Plant. The power sales were less in comparison due to the reduced supply of Natural gas.

During the period under review, the Company has extended corporate guarantee of ₹. 58 crores for the working capital credit facilities sanctioned to Simhadri Power Limited subject to the approval of members which will be sought through the Postal Ballot in the due course.

The Board of Directors have approved the sale/disposal of rolling unit situated at Parawada, Visakhapatnam and wire drawing unit situated at IDA, Auto Nagar, Visakhapatnam in their meeting held on 03.07.2013 subject to the approval of members which will be sought through the Postal Ballot in the due course.

LISTING OF SECURITIES ON BOMBAY STOCK EXCHANGE (BSE) :

The Company's Securities are traded in the IndoNext Segment on the Bombay Stock Exchange since January 2005. Your Directors are pleased to inform you that the BSE has approved the direct listing of Company's Securities vide notice no. 20121129-15 dated 29th November, 2012 and trading of Securities commenced on BSE with effect from 3rd December, 2012 under "B" Segment with scrip code **534748**.

VOLUNTARY DELISTING OF SECURITIES FROM THE CALCUTTA STOCK EXCHANGE LIMITED:

At present the equity shares of the company are listed on The Bombay Stock Exchange Limited, Mumbai and the Calcutta Stock Exchange Limited, Kolkata. As the trading volume is NIL on the Calcutta Stock Exchange and as a part of cost reduction measure, the Board of Directors in their meeting held on 03.07.2013 agreed to delist the securities from the Calcutta Stock Exchange subject to requisite approvals. The securities of the company will continue to be listed and traded on the Bombay Stock Exchange Limited, Mumbai.

CHANGE OF ACCOUNTING YEAR:

In order to align the accounting year of the Company with the practices followed in India, it was decided that the accounting year of the Company for financial year 2012-13 will be for 9 months. Accordingly, the accounting period of the Company for the period under review was up to 31 March 2013.

SCHEME OF AMALGAMATION OF SIMHADRI POWER LIMITED (SPL) WITH THE COMPANY (SEIL):

Members are aware that the Company (SEIL) has promoted Simhadri Power Limited (SPL) as a Special Purpose Vehicle and has set up 60 MW captive power plant. The Power Plant of SPL is located on the land taken on lease from SEIL and is close to the major manufacturing facilities of SEIL.

The draft Scheme of Amalgamation of SPL with SEIL was approved by the Board in its meeting held on 03.07.2013 subject to various statutory approvals, the consent of members and confirmation by the High Court. The proposed Scheme will enable the amalgamated entity to reduce the overall costs and offer economies of scale and would also lead to reduction in overall operative costs, taxes and administrative cost.

The proposed Amalgamation of SPL with SEIL would bring the entire operations under one roof which would integrate itself into a bigger economic entity giving greater financial strength and also enhances shareholders' wealth.

As per the proposed Scheme of Amalgamation:

---With effect from the appointed date i.e. 1st April 2013, the transfer of and vesting of the Undertaking of SPL including all its movable and immovable properties such as buildings, plant & machinery and other assets of whatsoever nature but subject to all mortgages and charges and hypothecation and guarantees, if any, and all other rights whatsoever affecting the properties of SPL shall without any further act or deed be transferred to and be vested in SEIL.

---With effect from the appointed date all liabilities, debts, duties and obligations of whatsoever nature of SPL shall without any further Act or Deed be transferred to and taken over by SEIL.



---In consideration of the transfer of and vesting of the Undertaking by SPL to SEIL, the Company shall allot 2,73,56,467 equity shares of ₹. 10/- each in the ratio of 1 (One) equity share of ₹. 10/- each fully paid up of the Company for every 2 (Two) equity shares of ₹. 10/- each held by such members in "SPL".

The detailed scheme and other information will be informed to the members in the due course.

DIVIDEND:

To conserve the resources, the Board has deemed it prudent not to recommend any dividend for the 9 months period ended 31st March 2013.

CAPITAL STRUCTURE:

During the period under review, there is no change in the paid up equity share capital of the Company i.e. ₹. 519,500,000 comprising of 51,950,000 Equity Shares of ₹. 10/- each.

Pending the allotment of equity shares to the shareholders of GSAL, ₹. 59,827,195 has been shown under Equity Share Capital suspense account in the financial statements.

DIRECTORS:

Mr. B. Satish Kumar was re-appointed as Managing Director for a further period of three years w.e.f 01.03.2013 by the Board of Directors in their meeting held on 11.02.2013 subject to the approval of members which will be sought through the Postal Ballot in the due course.

Mr. B. Suresh Kumar was re-appointed as Joint Managing Director for a further period of three years w.e.f 27.10.2013 by the Board of Directors in their meeting held on 03.07.2013 subject to the approval of members which will be sought through the Postal Ballot in the due course.

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Mr. V.V. Krishna Rao and Mr. R. Ramachandra Rao retire by rotation and being eligible, offer themselves for re-appointment.

FUTURE OUTLOOK:

The long term outlook of the Steel Industry continues to be promising and challenging. With increased manufacturing base, your Company expects to better the revenues with improved margins.

REPORT ON SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS:

The Company has no subsidiaries as on 31st March 2013 and hence the report on subsidiaries and consolidated financial statements and the statement pursuant to Section 212 of the Companies Act, 1956 are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- (i) in the preparation of the accompanying accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (ii) they 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 at the end of the 9 months period ended 31st March 2013 and of the profit of the Company for the said period;
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) they have prepared the accompanying accounts on a going concern basis.

REPORT ON THE CORPORATE GOVERNANCE:

Your Company continues to follow the principles of good Corporate Governance. In pursuance of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a separate report on Corporate Governance along with a certificate from the Auditors of the Company regarding its compliance is annexed herewith and forms part of this Report.

**MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion and Analysis report as required under the Listing agreement entered into with the Stock Exchanges is annexed herewith and forms part of this Report.

AUDITORS and AUDITORS' REPORT:

M/s Pavuluri & Co, Chartered Accountants, the Company's Auditors will retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment and have expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224 (1B) of the Companies Act, 1956.

The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation. There are no qualifications or adverse remarks in the Auditors' Report which require any clarification or explanation.

COST AUDITORS:

The Products classified as "Steel and Electricity" manufactured by the Company are subjected to Cost Audit in terms of Sec.233B of the Companies Act, 1956 read with the Central Government Rules.

M/s.DZR & Co., Cost Accountants have been reappointed as the Cost Auditors for the year ending 31st March 2014 subject to the approval of Central Government having been appointed for the FY 2011-12 & 2012-13.

The Cost Audit Report for the 15 months period ended 30th June 2012 was reviewed by the Audit Committee at their meeting held on 09.11.2012 and has been filed on 28.01.2013 well within the due date of 28.02.2013.

The Cost Audit for the 9 months period ended 31st March 2013 is in progress and the Cost Audit Report will be filed within the stipulated time.

FIXED DEPOSITS:

The Company has not accepted any Fixed Deposits from the Public within the meaning of Section 58-A, of the Companies Act, 1956 and the rules made there under during the 9 months period ended 31st March 2013 and, as such, no amount on account of principal or interest on Fixed Deposits was outstanding as on 31st March, 2013.

PARTICULARS OF EMPLOYEES:

The information required under Section 217(2A) of the Companies Act, 1956 read with Rules thereunder is provided in the Annexure forming part of this report. However, in terms of Section 219(1)(b)(iv) of the Companies Act 1956, the Report and Accounts are being sent to the Members, excluding the aforesaid Annexure. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

Details of energy conservation along with the information required in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, as amended from time to time, are given in Annexure 'A' to the Directors' Report and forms part of this report.

INDUSTRIAL RELATIONS:

The Industrial relations have been cordial during the 9 months period ended 31st March 2013 and your Directors wish to place on record their sincere appreciation to employees at all levels for their dedication, commitment and teamwork who have been instrumental in enabling your Company to achieve higher growth levels during the period.

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their appreciation for the continued support and assistance received from the Company's Bankers. The Directors also thank the Business Associates, Financial Institutions and various Central and State Government Departments and Government Authorities for their continued co-operation and support.

The Directors also wish to place on record their gratitude for the continued support and cooperation received from the valued Customers, Vendors, Members, and Investors of the Company and look forward to the same in greater measure in the coming years.

For and on behalf of the Board of Directors

Place: Visakhapatnam
Date: July 03, 2013

B. SATISH KUMAR
Chairman & Managing Director



ANNEXURE 'A' TO THE DIRECTORS' REPORT

Particulars required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

Conservation of Energy:

(a) Energy Conservation measures taken in :

DRI Unit

1. Installed Variable Frequency Drives for 2Nos ID Fans with a rating of 200KW each
2. Installed Variable Frequency Drives for 2Nos CA Fans with a rating of 90KW each
3. Installed Variable Frequency Drives for 2Nos Roots Blowers with a rating of 55KW each
4. Installed Variable Frequency Drives for 2Nos Shall Air Fan Groups with a rating of 130KW per Group
5. Installed Variable Frequency Drives for 2Nos Coolers with a rating of 11KW each

Power Plant

1. Installed Variable Frequency Drives for 3Nos Auxiliary Cooling Water Pumps with a rating of 90KW each
2. Installed Variable Frequency Drives for 8Nos ACC Cooling Fans with a rating of 75KW each
3. Installed Variable Frequency Drive for 1No Boiler Feed Pump used during start-up with a rating of 250KW
4. Installed an Heat Exchanger in CFBC Boiler blow-down circuit to transfer the heat in the blow-down water to the Deaerator make-up DM water
5. Installed a complete scheme to divert waste water generated in different areas including boiler blow-down to a common waste water storage tank and to utilize it for Ash Conditioning system instead of consuming raw water.
6. Installed 2Nos Fanless Natural Draught Cooling Towers for Auxiliary Cooling Water Circuit and hence reduced an Electrical Load of approximately 22KW each

Rolling Mill

1. Installed Variable Frequency Drives for 3Nos TMT Water Pumps with a rating of 160KW each
2. Installed Variable Frequency Drives for 4Nos Roller Table Groups with a rating of 30KW per Group

Steel Melt Shop

1. Installed 2Nos Fanless Natural Draught Cooling Towers for SMS Cooling Water Circuit and hence reduced an Electrical Load of approximately 22KW each
2. Installed 2Nos Fanless Natural Draught Cooling Towers for Concast Cooling Water Circuit and hence reduced an Electrical Load of approximately 11KW each
3. Adopted Belt Conveying System to Transfer Sponge Iron from DRI Unit to Steel Melt Shop by avoiding transport through Diesel Operated Locomotives.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: NIL

(c) Impact of the measures at (a) above for reduction of energy consumption and consequent impact on the cost of Production of goods: The general energy consumption was decreased.



(d) Total energy consumption and energy consumption per unit of production is as per Form A below:

FORM A : Form for disclosure of particulars with respect to Conservation of Energy

Sl. No	Description	9 months period ended 31 March 2013	15 months period ended 30 June 2012
A	Power and Fuel Consumption		
1	Electricity		
	Purchased - Units	81996218	172239095
	Total amount - ₹.	459258320	644174215
	Rate per Unit - ₹.	5.60	3.74
	Own Generation	Nil	Nil
2	Coal*		
	Quantity - Tonnes	10366	34200
	Total Amount - ₹.	82057098	222300000
	Average rate - ₹.	7916	6500
3	Furnace Oil		
	Quantity - ltr	80280	331780
	Total Amount - ₹.	3881428	16257220
	Average Rate - ₹.	48.35	49.00
B	Consumption Per Unit of Production**		
1	Electricity - Units	396.89	369.55
2	Furnace Oil - ltr	0.90	1.85
3	Coal -Kgs	115.45	255.06

*Note: Used in the manufacture of Sponge Iron and rolling division. ** Consumption per unit of production is taken as average of all the divisions.

Technology Absorption: FORM B : Form for disclosure of particulars with respect to absorption

Research and Development (R& D)		
1	Specific areas in which R&D carried out by the Company	NIL
2	Benefits derived as a result of the above R&D	Not Applicable
3	Future Plan of Action	NIL
4	Expenditure on R&D	NIL
Technology Absorption, Adaptation and Innovation		
1	Efforts in brief, made towards technology absorption	NIL
2	Benefits derived as a result above	Not Applicable
3	Particulars of technology imported during last five years	NIL

Foreign Exchange Earnings and Outgo:

a. Export performance:

- | | |
|---|---|
| 1. Activities relating to exports: NIL | 2. Initiatives taken to increase exports: NIL |
| 3. Development of new export markets for products and services: NIL | 4. Export plans: NIL |

b. Total foreign exchange used and earned:

Foreign Exchange earnings - ₹. In lakhs	-	-
Foreign Exchange outgo - ₹. In lakhs	94.26	449.58

For and on behalf of the Board of Directors

Place: Visakhapatnam
Date: July 03, 2013

B. SATISH KUMAR
Chairman & Managing Director

**REPORT ON CORPORATE GOVERNANCE****1. Company's philosophy on Corporate Governance**

The Company firmly believes in and has consistently been practising good Corporate Governance. The Company's philosophy of Corporate Governance is aimed at maximising the shareholder's interest and protection of the interest of the other stakeholders. The Company aims to achieve this 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.

2. Board of Directors**a) Composition of the Board**

The Board of Directors of the Company currently consists of Eight Directors headed by an Executive Director as Chairman. The Board consists of two whole-time Directors i.e. a Chairman & Managing Director and a Joint Managing Director and six Non-Executive Directors. Four of the Non-Executive Directors are Independent Directors. The composition of the Board is in conformity with clause 49 of the Listing Agreement entered with the Stock Exchanges.

b) Number of Board Meetings

During the 9 months period ended 31st March 2013, Five Meetings of the Board of Directors were held on 30th July 2012, 27th August 2012, 25th October 2012, 9th November 2012 and 11th February 2013.

c) The details of the composition, attendance of the Directors at the Board Meetings & the last Annual General Meeting and also the number of other Directorships held by the Directors for the financial period under review are as follows:

Name of the Director	Category	No. of meetings attended	Whether attended last AGM	No. of outside Directorships	No. of other Board Committees
Mr. B. Satish Kumar (Chairman & Managing Director)	PD, ED	5	YES	6	-
Mr. B. Suresh Kumar (Joint Managing Director)	PD, ED	5	YES	8	-
Mr. V.V. Krishna Rao	PD, NED	5	NO	3	-
Mr. B. Suresh *	PD, NED	5	NO	7	-
Mr. R. Ramachandra Rao	ID, NED	4	YES	7	-
Mr. C. Siva Prasad	ID, NED	5	YES	1	-
Mr. K. Krishna Rao	ID, NED	5	YES	-	-
Mr. GVN. Reddy	ID, NED	4	YES	-	-

PD: Promoter Director, ED: Executive Director, ID: Independent Director, NED: Non-Executive Director

* Note : Mr. B. Suresh has ceased to be Director (Finance) and re-designated as Non Executive Director w.e.f. 01-09-2012

**3. Audit Committee**

The terms of reference of the Audit Committee covers the areas mentioned in Clause 49 of the Listing Agreement entered with the Stock Exchange, besides other terms as may be referred by the Board of Directors from time to time, which broadly include:

1. Oversight of the company's financial reporting process and the disclosure of its financial information.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with Management the annual financial statements before submission to the Board, focusing primarily on;
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by Management.
 - Qualifications in draft Audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchange and legal requirements concerning financial statements.
 - Any related party transactions as per Accounting Standard - 18.
4. Reviewing with Management the quarterly financial statements before submission to the Board.
5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.

The Audit Committee Company currently consists of three Directors headed by a Non-Executive Independent Director as Chairman. The details of the composition, attendance at the Meetings of the Audit Committee are as follows:

Name of the Director	Designation	Category	No. of meetings during the tenure of Director	
			Held	Attended
Mr. C. Siva Prasad	Chairman	ID, NED	4	4
Mr. R. Ramachandra Rao	Member	ID, NED	4	4
Mr. B. Suresh *	Member	PD, NED	4	4

PD: Promoter Director, ED: Executive Director, ID: Independent Director, NED: Non-Executive Director

* Note : Mr. B. Suresh has ceased to be Director (Finance) and re-designated as Non Executive Director w.e.f. 01-09-2012

The Company Secretary acts as the Secretary of the Committee.

During the year under review, Four meetings of the Audit Committee were held on 30th July, 2012, 27th August, 2012, 9th November 2012 and 11th February 2013.

The Audit Committee was reconstituted on 03.07.2013 and the present composition is as follows :

1. Mr. R. Ramachandra Rao Chairman
2. Mr. C. Siva Prasad Member
3. Mr. K.Krishna Rao Member

4. Remuneration Committee:

The Board has constituted the Remuneration Committee to recommend/review the remuneration package of the Executive Directors apart from deciding other matters referred to it from time to time.



The Remuneration Committee of the Company was constituted in line with the provisions of Clause 49 of the Listing Agreement and the composition of the Remuneration Committee is as follows:

Name of the Director	Designation	Category
Mr. C. Siva Prasad	Chairman	ID, NED
Mr. R. Ramachandra Rao	Member	ID, NED
Mr. K. Krishna Rao	Member	ID, NED

ID: Independent Director, NED: Non-Executive Director

During the period under review, there was one Remuneration Committee meeting was held on 11.02.2013 and all the members attended the meeting.

As a policy, the Remuneration Committee considers the financial position and profitability of the Company apart from other usual aspects like job responsibilities, key performance areas of the directors, industry trends etc.

Details of Director's Remuneration for the 9 months period ended 31st March, 2013:

Name	Designation	Remuneration (in ₹.)		
		Salary	Allowances/ Perquisites	Total
Mr. B. Satish Kumar	Chairman & Managing Director	4,450,000	91,628	4,541,628
Mr. B. Suresh Kumar	Jt Managing Director	3,800,000	-	3,800,000
Mr. B. Suresh *	Director (Finance)	300,000	-	300,000
	Grand Total	8,550,000	91,628	8,641,628

* Note : Mr. B. Suresh has ceased to be Director (Finance) and re-designated as Non Executive Director w.e.f. 01-09-2012

Mr. B. Satish Kumar has been re-appointed as Managing Director, for a period of three years w.e.f. 01-03-2010, Mr. B. Suresh Kumar has been re-appointed as Joint Managing Director of the Company for a period of three years w.e.f. 27-10-2010. The notice period for all the Executive Directors is 3 calendar months on either side and the severance fees is as per Section 318 of the Companies Act, 1956.

The Company has not paid any fixed component and performance linked incentives to any Director. The Company does not have any stock option scheme.

No remuneration is paid to Non-executive Directors and sitting fee is paid to the Independent Directors for attending the Board meetings.

5. Shareholders/ Investors Grievance Committee

The committee consists of

Name of the Director	Designation	Category
Mr. R. Ramachandra Rao	Chairman	ID, NED
Mr. B. Satish Kumar	Member	PD, ED
Mr. C. Siva Prasad	Member	ID, NED

PD: Promoter Director, ED: Executive Director, ID: Independent Director, NED: Non-Executive Director

The Committee would look into redressal of the shareholder and investors' complaints such as transfer of shares, non-receipt of dividend, non-receipt of Annual Report, dematerialisation of shares etc.

The Board has designated Mr. B. Narahari, Company Secretary as the Compliance Officer.

The total number of complaints received and replied to the satisfaction of shareholders during the period under review, was 11. There were no outstanding complaints as on 31st March, 2013 and no share transfers pending at the end of the financial period under review.

The Board had also constituted a Share Transfer Committee to attend to the share transfer formalities etc, as and when required.



6. General Body Meetings:

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

Year	Description of the Meeting	Location	Date & Time	Special Resolutions Passed
2009-10	11th AGM	Hotel Green Park, Greenlands, Begumpet, Hyderabad - 500 016	30-09-2010 12.00 Noon	Nil
2010-11	12th AGM	Hotel Aditya Park, Aditya Trade Centre, Nr Maitrivanam, Ameerpet, Hyderabad - 38	30-09-2011 12.00 Noon	1
2011-12	13th AGM	The Square Hyderabad, 6-3-870, Green Lands, APTDC Paryatak Bhavan, Begumpet, Hyderabad - 16	29-09-2012 12.00 Noon	2

(ii) The shareholders passed all the resolutions set out in the respective notices in the above meetings.

(iii) No special resolution was put through a Postal ballot in the previous period under review.

(iv) The following special resolutions are proposed to be passed through a Postal ballot:

- a) Extension corporate guarantee by the Company for the loans sanctioned to Simhadri Power Limited.
- b) Sale of rolling unit situated at Parawada, Visakhapatnam.
- c) Sale of wire drawing unit situated at IDA, Auto Nagar, Visakhapatnam.
- d) Reappointment of Mr. B. Satish Kumar as Managing Director of the Company for a further period of three years w.e.f. 01.03.2013.
- e) Reappointment of Mr. B. Suresh Kumar as Joint Managing Director of the Company for a further period of three years w.e.f. 27.10.2013.
- f) Delisting of securities of the Company from the Calcutta Stock Exchange Limited, Kolkata.

(v) **Procedure for Postal Ballot:** After receiving the approval of the Board of Directors, Notice of Postal Ballot, text of the resolution and explanatory statement, relevant documents, postal ballot forms and self addressed postage pre - paid envelopes are sent to the shareholders to enable them to consider and vote for or against the proposal with in a period of 30 days from the date of dispatch. After receipt of the Postal Ballots, the scrutiniser, after due verifications, submits the results to the chairman & Managing Director of the company. Thereafter the Chairman & Managing Director declares the result of the Postal Ballot. The same will be informed to the Stock Exchanges. Mr. S. Sarweswara Reddy, PCS of S.S. Reddy & Associates, Practicing Company Secretaries, Hyderabad was appointed as Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

7. Disclosures:

(i) 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 Notes to Accounts - Note No.2.32.

(ii) There has neither been any non-compliance by the Company nor penalties, strictures 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.

(iii) The information on Directors seeking re-appointment is provided in the notes to the notice of the Annual General Meeting under the heading "Additional information on Directors seeking Re-appointment at the ensuing Annual General Meeting".



(iv) 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

Mr. C. Siva Prasad resigned as a member of the Committee w.e.f. 27.08.2012.

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

(v) The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

(vi) The Company has not adopted any of the non-mandatory requirements except the remuneration committee as mentioned in Annexure I D of Clause 49 of the Listing Agreement.

(vii) The shareholding of the Non -Executive Directors in the Company as on 31st March 2013 are as under:

1.	Mr. V. V. Krishna Rao	6,43,736
2.	Mr. R. Ramachandra Rao	10,300
3.	Mr. G.V. N. Reddy	NIL
4.	Mr. C. Siva Prasad	1,000
5.	Mr. K. Krishna Rao	NIL
6.	Mr. B. Suresh	11,35,850

(viii) As required under Clause 49 of the Listing Agreement, the Auditors' certificate is given as an annexure to the Directors' Report.

(ix) As required under Clause 49 of the Listing Agreement, the certificate issued by the Managing Director is provided elsewhere in the Annual Report.

8. Means of Communication:

(i) The Company does not send the quarterly results to each household of shareholders 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 Business Standard' & 'The Economic Times (English) and 'Eenadu' & 'Andhra Prabha (Telugu).

(iii) The Company posts all the vital information relating to the Company and its performance on the web site 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.



9. GENERAL SHAREHOLDER' INFORMATION:

i) 14th Annual General Meeting:

Date : **Monday, 12th August, 2013**

Time : **12.00 Noon**

Venue : **The Square Hyderabad, 6-3-870, Green Lands, APTDC Paryatak Bhavan, Begumpet, Hyderabad - 500 016.
Phone: 040 - 4949 5959**

ii) Financial Year : **1st April to 31st March**
Financial Calendar for 2013-14 : The following are tentative dates:
 First Quarter results : 2nd week of August, 2013
 Second Quarter results : 4th week of October, 2013
 Third Quarter results : 4th week of January, 2014
 Annual results for 2013-14 : 4th week of May, 2014
 AGM for the year 2013-14 : 2nd week of August, 2014

iii) Dates of Book Closure : 7th August, 2013 to 10th August, 2013
(both days inclusive)

iv) Dividend Payment Date : No dividend is recommended for the
9 months period ended on 31st March 2013.

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
Listing Fees for and upto 2013-14 has been paid to both the
Stock Exchanges

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 in B Group. The monthly high/low prices of share of the Company and number of shares traded during each month on the Stock Exchange, Mumbai are given below:

Month & Year	Price BSE – IndoNext		Index BSE SENSEX		Total No of Shares Traded
	High (₹.)	Low (₹.)	High	Low	
July - 12	63.95	54.50	17,631.19	16,598.48	7,51,391
August - 12	63.95	54.95	17,972.54	17,026.97	7,75,328
September - 12	60.00	52.55	18,869.94	17,250.80	14,90,640
October - 12	79.95	56.00	19,137.29	18,393.42	13,69,552
November - 12	95.00	69.00	19,372.70	18,255.69	24,46,310
December - 12	104.25	83.80	19,612.18	19,149.03	23,41,272
January - 13	92.00	70.60	20,203.66	19,508.93	23,51,983
February - 13	87.50	75.10	19,966.69	18,793.97	24,48,847
March - 13	89.20	53.10	19,754.66	18,568.43	31,34,060

Source: 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

ix) Share Transfer System:

The Company's shares are traded in the Stock Exchanges compulsorily in demat form. The Share Transfer Committee approves the transfer of shares in the physical form and the share transfers are registered and returned within the stipulated time, if the documents are clear in all respects.

x) Distribution of Shareholding as on 31st March 2013:

No of Shares	Shareholders		Shares	
	Number	% of Total	Number	% of Total
1 - 500	6600	84.63	1,085,106	2.09
501 - 1,000	577	7.40	488,081	0.94
1,001 - 2,000	249	3.19	388,848	0.75
2,001 - 3,000	109	1.40	276,968	0.53
3,001 - 4,000	30	0.38	108,996	0.21
4,001 - 5,000	45	0.58	219,404	0.42
5,001 - 10,000	53	0.68	414,442	0.80
10,001 & above	136	1.74	48,968,155	94.26
Total	7799	100.00	51,950,000	100.00

xi) Category-wise Distribution of Shareholding as on 31st March 2013:

Category	No. of shares held	Percentage of shareholding
A) PROMOTER'S HOLDING		
Promoters		
- Indian Promoters	9,304,152	17.91
- Foreign Promoters	207,000	0.40
- Bodies Corporate	18,764,090	36.12
Sub-Total	28,275,242	54.43
B) NON-PROMOTER'S HOLDING		
a. Banks, Financial Institutions (APIDC)	300,000	0.58
b. Private Corporate Bodies	8,691,925	16.73
c. Indian Public	14,136,349	27.21
d. NRIs/ Trusts/ Clearing Members	546,484	1.05
Sub-Total	23,674,758	45.57
GRAND TOTAL (A+B)	51,950,000	100.00

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

As on 31st March 2013, 51,102,972 shares representing 98.37% were held in dematerialised form. The balance 847,028 shares representing 1.63% were in physical form.

The Company's shares are compulsorily traded in dematerialised 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 2013, there were no Outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments of the Company.

However, as per the approved Scheme of Merger of GSAL (India) Limited with the Company by BIFR, the Company shall allot 59,82,720 equity shares of ₹. 10/- each in the ratio of 1 (One) equity share of ₹. 10/- each fully paid up for every 10 (Ten) equity shares of ₹. 10/- each held by such members in "GSAL". After the said allotment, the Paid up Equity capital of the Company will be ₹. 57.93 Crores as against ₹. 51.95 Crores before the merger.

xiv) Unclaimed Dividend

The dividend for the years 2005-06, 2006-07, 2007-08, & 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 under Section 205C of the Companies Act, 1956.

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. Wire Drawing Division - Unit - 1

Plot No. 27, E-Block, IDA, Auto Nagar, Visakhapatnam - 530 012, Andhra Pradesh.

Telephone: +91 - 891 - 2587574

4. Wire Drawing Division (HC Wire Products) - Unit - 2

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

Telephone: +91 - 891 - 2587574

Fax: +91 - 891 - 2766437

5. Integrated Steel Plant : (Sponge Iron Division, Rolling Division and SMS Billet Unit)

Malliveedu, L. Kota (Mandal), Vizianagaram District, Andhra Pradesh.

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

DECLARATION

As stipulated under Clause 49 (I D) (ii) of the Listing Agreement, the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the for the 9 months period ended 31st March 2013.

Place: Visakhapatnam

Date: July 03, 2013

B. Satish Kumar

Chairman & Managing Director



MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Developments:

World crude steel production reached 1,548 million metric tons (mmt) for the year of 2012. This is an increase of 1.2% compared to 2011. China remained the world's largest Crude Steel producer in 2012 also (716.50 mmt) followed by Japan (107.20 mmt) and India occupied the 4th position (76.70 mmt).

(Source: World Steel Association)

Except Japan, Germany, Brazil and Ukraine, the Steel production increased in nearly all the major steel producing countries and regions 2012. China's growth was average at 3% increase in output in 2012.

Top 10 Steel-producing Countries:

Rank	Country	Production (mmt)		% Change 2012/2011
		2012	2011	
1	China	716.5	694.8	3.1
2	Japan	107.2	107.6	-0.3
3	United States	88.6	86.4	2.5
4	India	76.7	73.6	4.3
5	Russia	70.6	68.9	2.5
6	South Korea	69.3	68.5	1.2
7	Germany	42.7	44.3	-3.7
8	Turkey	35.9	34.1	5.2
9	Brazil	34.7	35.2	-1.5
10	Ukraine	32.9	35.3	-6.9
	World	1548	1528	1.2
	World - China	831	833	-0.2

(Source: World Steel Association)

China became the first country ever to produce more than 500 mmt in one year in 2008 and continued the trend in 2012 also. China's crude steel production in 2012 reached a record high to 716.5 mmt, an increase of 3% on 2011. China's share of world steel production in 2012 is 46% of world total crude steel. China replaced Japan as the net exporter in 2012 with 40.6 mmt.

India produced 76.7 mmt of crude steel in 2012, a growth of 4.3% over previous year's production of 73.6 mm and maintained its ranking as the 4th largest steel producing country in the world.

Opportunities & Threats:

During 2012, the global steel witnessed a slowdown of consumption growth of only 1.2% as against 7.3% in 2011. The share of emerging markets in steel demand has grown steadily over the last decade from 49% in 2000 to 72% in 2012 reflecting a shift in global steel demand from developed to emerging markets.

Overcapacity and production more than what the market can absorb, have remained principal concerns for the world steel industry since the global financial meltdown in 2008. The world is witnessing capacity surplus in excess of 350 mmt, about 2.5 times from 2002. With infrastructure creation driving public policy, steel demand in several emerging markets has expanded rapidly. Industries, such as housing and automobiles, have also found greater application of steel and related products

As per the report of the Working Group on Steel of Govt of India for the 12th Plan, there exist many factors which carry the potential of raising the per capita steel consumption in the country, currently estimated at 55 kg (provisional). 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 projects like Bharat



Nirman, Pradhan Mantri Gram Sadak Yojana, Rajiv Gandhi Awaas Yojana among others.

The National Steel Policy 2005 had envisaged steel production to reach 110 mmt by 2019-20. However, based on the assessment of the current ongoing projects, both in greenfield and brownfield, the Working Group on Steel for the 12th Plan has projected that the crude steel capacity in the country is likely to be 140 mmt by 2016-17 and has the potential to reach 149 mmt if all requirements are adequately met.

Government's emphasis on infrastructure spending in order to stimulate economic growth would keep demand healthy. Further, real estate activity is also expected to pick up in the near the future due to fall in property prices. This will create new demand for steel products

India's per capita steel consumption continued to be low at 60 kg compared to global average of 210 kg in 2012. This presents an attractive opportunity for the industry to expand the existing capacities and create further green field capacities. Steel consumption in India is growing at a rate of more than 10%, a trend that is likely to persist as the nation enters into a steel intensive phase of development.

The government had also imposed restriction on export of iron ore which is largely lying unutilized and this will ease the iron ore supply in the domestic market. The iron ore pellets improve production in terms of quality as well as offer excellent scope for export as a value added product. The Steel PSUs are in the midst of the capacity expansion plans.

The large number of secondary steel units with swing capacity can create oversupply particularly in long products segment especially the TMT bar section as secondary steel segment cater to about 80% of the domestic demand for TMT bars. The steel producers are heavily dependent on coking coal import, and the price increase by Iron Ore and coking coal majors has impacted the margins of the Indian steel producers.

The threats for your Company would come from adverse fluctuations in input and capital costs, foreign exchange variations and taxes and duties and lack of initiative from the government. The buoyancy in the Iron & Steel Sector has attracted many players, resulting in reduced availability of skilled manpower and contractual workforce.

The current inflationary trend with rising costs of inputs and high interest rates are a major threat to the growth of steel sector. Frequent rate hikes by the RBI have not helped the situation.

With excess capacity in the global steel industry there is a threat of dumping cheap steel into India, especially under the concessional duties extended under FTAs from Korea and Japan,) contributed 37% to India's total imports of 8.6 mmt. This is a major threat to the domestic steel industry.

Indian steel demand is projected to grow at 5.9% in 2013 -14 at the back of a moderate economic recovery from estimated 5% in 2012-13 to 6.4% in 2013-14.

High inflation and the global economic slowdown were the major factors resulting in the monetary and fiscal imbalance which impacted the economic growth in 2012-13 at 5%.

Clearance and renewal of mining lease, which involve multiple agencies at the State and Central levels, are an area of concern. Delay in opening new mines, and / or expanding existing mines may constrain raw material availability, thereby impacting growth in saleable steel production, and overall economics of operation. Law and order situation in mining areas in some of the states is also a cause of concern for smooth operations in remote areas.

Risks, Concerns and Outlook:

The steel industry is susceptible to cyclical swings arising from demand & supply imbalances. These result in volatility in input costs as well as that of end products. The high prices result in inflationary trend which again affects the growth patterns. The recent hikes in interest rates are a major concern for the company as the cost of capital is eroding the margins. Further hikes are expected if the inflation shows an upward trend.

The availability of quality Scarp, raw materials linkage, volatility in prices of key inputs and decrease in the steel prices in the international market will be the major concerns, as these would impact the domestic steel prices.

The availability of TMT Bars, Wire Rods and other steel products in which the Company deals has increased as numerous small players have entered the sector. This could affect the realisation from these products.

Availability of iron ore and coal at competitive prices will be a challenge for steel Companies in India. Recent developments in connection with allotment of natural resources like mines and decisions by the Supreme Court may lead to policy shift by the Government. Power is also one of the main inputs for steel making and its supply and pricing will decide the production and pricing of steel in the country.

The capacity expansion by the public sector giants and other large and established steel companies in the private sector could affect the growth plans of the company unless it is able to have in place regular raw material sourcing. The practice of long term agreements for coal and Iron procurement has been altered to quarterly contracts bringing more uncertainty and volatility. High cost of industrial raw materials will increase the marginal cost of production of steel and, therefore, the



price of the metal in the market. At these prices steel may come under threat of substitution as end users look for cheaper options.

Infrastructure and logistics continue to impact the industry in terms of transportation of inputs as well as finished goods. The pace of infrastructure growth has come down due to the recent recessionary trend. It is imperative that the same is again accorded the high priority for sustained growth.

India has also made a mark globally in the production of sponge iron/direct reduced iron (DRI) because of growth of coal-based sponge iron units in key mineral-rich pockets of the country, domestic production of sponge iron increased rapidly, enabling the country to achieve and maintain the number one position in the global market.

The substantial additions to capacity are expected to yield higher margins for the company. With the setting up of the power project, the Company expects to improve its manufacturing levels on the back of regular and continuous power supply. The waste heat recovery, and utilisation of coal fines and char will also contribute to the margins of the company.

Division wise Performance:

Note: The current period's figures are not comparable with the previous period's figures as the current period's figures are for 9 months where as the previous period's figures are for 15 months.

1) Trading Division

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

The division reported a turnover of ₹. 519.32 crores for the 9 months period ended 31st March 2013 compared to ₹. 822.73 crores in the previous 15 months period ended 30th June 2012. There was marginal increase in turnover from this division and about 53% of the total turnover of the Company came from this division during the period under review.

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 the market conditions in view and has sold the unutilised power produced from the Power Plant.

The division reported a turnover of ₹. 10.91 crores against the turnover of ₹. 33.03 crores in the previous period. The sales include ₹. 5.67 crores from sale of power as against previous period sales from power of ₹. 21.53 crores. The power sales were less in comparison due to the reduced supply of Natural gas.

3) HC Wire Products Division:

The unit of this division produces High Carbon steel wire products. The division reported a turnover of ₹. 20.64 crores as against ₹. 65.99 crores in the previous period. The turnover of this Division includes only one unit as the other unit was disposed in the previous period and the Management will continue its efforts to maximise the revenues from this division in the current year.

4) Integrated Steel Plant:

Integrated Steel Plant of the Company is located at Malliveedu, L. Kota Mandal, Vizianagaram District and consists of following units:

1. Sponge Iron Unit - 220,000 TPA
2. SMS Billet Unit - 240,000 TPA
3. Rolling Unit - 225,000 TPA

The total revenue for the period under review from ISP stood at ₹. 472.37 crores as against ₹. 854.39 crores in the previous period (including the revenue of ₹. 33.75 crores from 45,000 TPA Rolling unit located at Parawada, Visakhapatnam). The division reported marginal decrease in turn over on year to year basis. The TMT bars produced are sold under the well established brand name "**Simhadri TMT Bars**".

Financial Performance

1) Share Capital

During the period under review, the paid up equity share capital of the Company stands at ₹. 519,500,000 comprising of 51,950,000 Equity Shares of ₹. 10/- each and there is no change in the paid up equity share capital compared to the previous period.

**2) Reserves and Surplus**

For the 9 months period ended 31st March 2013, the Reserves and Surplus have gone up from ₹. 170.93 crores to ₹. 224.22 crores due to the balance transferred from the profit and loss account amounting to ₹. 53.29 crores.

3) Secured Loans

There has been decrease in Secured Loans from ₹. 401.90 crores to ₹. 383.45 crores. The decrease was mainly on account of repayment of term loans to banks and financial institutions.

4) Unsecured Loans

There has been an increase in Unsecured Loans from ₹. 21.79 crores to ₹. 37.82 crores. The increase was on account of availing corporate loan from financial institutions, banks and others.

5) Fixed Assets

During the period under review, there was no material change in the Fixed Assets and the total Fixed Assets (Net Block) stands at ₹. 324.73 crores as against ₹. 327.53 crores in the previous period.

Operational Performance**1) Income**

The income of the Company was ₹. 981.51 crores for the 9 months period ended 31st March 2013 as against ₹. 1702.09 crores in the 15 months period ended 30th June 2012, registering a marginal decrease in turnover on year to year basis. The reason for the decreased turnover was during the period under review was fluctuating and depressed market conditions and sluggish demand for steel products.

2) Direct Cost & Other expenses

The Direct Costs comprising of cost of material consumed and purchase of traded goods for the period under review works out to ₹. 776.70 crores as against ₹. 1426.05 crores in the previous 15 months period ended 30th June 2012. The direct costs decreased proportionally to the decrease in the manufacturing activity for the current 9 months period ended 31st March 2013.

Other expenses comprises of other manufacturing expenses, staff costs, administration and selling & distribution expenses etc. The same was lower at ₹. 125.92 crores for the 9 months period under review as against ₹. 257.65 crores in the previous 15 months period ended 30th June 2012. The Company will continue its efforts to minimise the costs and overheads in the current year also.

3) Interest Cost

For the period under review, the interest and financial charges were ₹. 63.09 crores representing 6.42 % of the turnover as against ₹. 107.81 crores representing 6.33 % of the turnover in the previous year. The interest cost is marginally higher due to availing of higher credit facilities from banks as well as increase in interest rates during the period under review.

4) Depreciation

The Company has provided a sum of ₹. 11.76 crores towards depreciation representing 1.20 % of the turnover for the period under review as against ₹. 17.16 crores representing 1.01 % of the turnover in the previous period.

5) Provision for Tax

The Company has not provided any amount towards income tax as the Company has accumulated losses upon amalgamation of GSAL (India) Limited. The deferred tax provision for the period under review is ₹. 3.55 crores as against ₹. 9.89 crores in the previous period. The excess income tax provision was written back and recognised in Profit and Loss account amounting to ₹. 16.49 crores for the period under review.

6) Net Profit

The operations for the 9 months period ended 31st March 2013 have resulted in a Net Profit of ₹. 53.29 crores as against ₹. 26.87 crores in the 15 months period ended 30th June 2012. Increase in margins in manufacturing activity and trading activity coupled with increase in steel prices resulted in higher net profit when compared to previous period. Further the net profit also increased with write back excess provision of income tax of earlier years.

7) Dividend

No Dividend is recommended on the Equity Shares for the 9 months period ended 31st March 2013.

**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, inter alia, 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

In this era of globalisation, the industrial scenario is changing frequently, forcing the organisation to develop its human resources and enable them to adapt to contemporary technological advancements to achieve the goals of the Organisation.

To sustain in this competitive and challenging environment, the Company believes that the quality of its employees is the key to its success and is committed to provide necessary human resource development and training opportunities to develop themselves. The Management firmly believes that business cannot grow without utilising the potential of its human resources. The Company is committed to provide conducive working environment to its employees, fully utilising their potential and enhancing their skills through cross functional exposure, training and development, sharing information and experiences.

Employee relations during the period under review continued to be cordial and your Company is committed to maintain good relations. The Board of Directors and the Management wish to place on record their appreciation of the efforts put in by all employees at all levels. The total number of employees is about 1292 as on 31st March 2013.

Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations, may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results would differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand, supply, and price and supply conditions in the domestic/overseas markets in which the Company operates, changes in the government regulations, tax laws, other statutes, and other incidental factors.

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 9 months period ended 31st March 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance 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.

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.RAMAI AH
Partner
M.No.: F-203300

Camp: Visakhapatnam
Date: July 03, 2013



INDEPENDENT AUDITORS' REPORT

To
The Members of
STEEL EXCHANGE INDIA LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Steel Exchange India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the 9 months period ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for 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 Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

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, 2013;
- b) In the case of the Statement of Profit and Loss, of the profit for the 9 months period ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the 9 months period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
- e) On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Camp: Visakhapatnam
Date: May 27, 2013



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of "report on other legal and regulatory requirements" of our report of even date

1. In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) As explained to us, all the assets have not been physically verified by the management during the 9 months period but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its business. No material discrepancies were noticed on such physical verification.
 - (c) According to the information and explanations furnished to us, the Company has not disposed of a substantial part of its fixed assets during the 9 months period and the going concern status of the company is not affected.
2. In respect of its inventories:
 - (a) The inventories have been physically verified by the management during the 9 months period at reasonable intervals.
 - (b) The procedures of physical verification of the inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The company has maintained proper records of inventories and discrepancies noticed on physical verification of inventories as compared to book records were not material.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
 - (a) The Company has granted loans to two parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding at any time during the 9 months period was ₹.10.22 Crores and the 9 months period end balance is ₹.10.22 Crores.
 - (b) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loans given by the company, are not prima facie not prejudicial to the interest of the company.
 - (c) The parties have been regular in payment of interest and there is no stipulation for the repayment of principal and interest.
 - (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
 - (e) According to the information and explanation given to us, the company has not taken any loans during the 9 months period from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, Paragraph 4 (iii)(e)(f)(g) of the Order is not applicable.
4. In our opinion, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventories, fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct the weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - (a) According to the information and explanation given to us we are of the opinion, that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 aggregating during the 9 months period to ₹.5,00,000/- or more in respect of any party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanation given to us, the Company has not accepted any deposits as defined under section 58A of the Companies Act' 1956. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an adequate internal audit system commensurate with its size and nature of its business.



8. We have broadly reviewed the Books of Account maintained by the Company as prescribed by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the accounts and records with a view to determine whether they are accurate or complete.
9. In respect of Statutory Dues:
- (a) According to the books and records of the company, the company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Customs Duty, Excise Duty, Cess and other statutory dues with appropriate authorities. According to the information and explanations given to us, there are no undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 31st March, 2013 for a period exceeding six months from the date they became payable.
- (b) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of Dues	Period to which the amount relates	Amount in ₹.	Deposits/ Paid in (₹.)	Forum where the dispute is pending
CST Act	Sales Tax	2002-03	22,43,895/-	2,80,487/-	Appellate Deputy Commissioner, Visakhapatnam
CST Act	Sales Tax	2004-05	28,27,172/-	3,53,397/-	Appellate Deputy Commissioner, Visakhapatnam
CST Act	Sales Tax	2005-06	47,85,829/-	11,96,457/-	STAT-Visakhapatnam.
CST Act	Sales Tax	2006-07	4,34,677/-	1,08,669/-	STAT-Visakhapatnam
AP VAT Act	Sales Tax	2011-12	13,94,858/-	3,48,715/-	The Hon'ble High Court of Andhra Pradesh
AP VAT Act	Sales Tax	2011-12	3,66,07,561/-	45,75,945/-	Appellate Deputy Commissioner, Visakhapatnam
Customs Act	Customs duty	2003-04	54,35,648/-	NIL	Hon'ble High Court of Andhra Pradesh
Central Excise Act	Excise Duty	2007-08	86,30,228/-	NIL	CESTAT-Bangalore
Central Excise Act	Excise Duty	2008-09	1,91,708/-	NIL	CESTAT-Bangalore
Central Excise Act	Excise Duty	2009-10	3,893/-	NIL	Commissioner of Central Excise, Visakhapatnam.
Central Excise Act	Excise Duty	2010-11	14,35,189/-	NIL	Hon'ble High Court of Andhra Pradesh
Central Excise Act	Excise Duty	2011-12	31,78,578/-	NIL	Hon'ble High Court of Andhra Pradesh
Buildings and Other Construction Workers Welfare Cess Act, 1996	Cess	2010-11	1,27,98,000/-	NIL	Hon'ble High Court of Andhra Pradesh
AP Registration & Stamps Act	Stamp duty	2008-09	44,99,900/-	NIL	The District Registrar, Vizianagaram.



10. The Company has accumulated losses and has not incurred cash losses in the current 9 months financial period and immediately preceding 15 months financial period.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of its dues to banks and financial institutions.
12. Based on audit procedures and according to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
13. In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
14. In our opinion, the Company is not dealing or trading in shares, securities, debentures or other investments and hence, the requirements of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the company has given guarantee to ₹. 288 Crores to the associate company for loans taken from banks, and financial institutions. The terms and other conditions, in our opinion are not prima facie prejudicial to the interest of the company.
16. In our opinion, the term loans raised during the 9 months period have been applied for the purpose for which they were raised.
17. In our opinion and according to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that, the funds raised on short-term basis have not been used for long-term investments.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
19. No debentures have been issued by the company and hence, the question of creating securities in respect thereof does not arise.
20. The company has not raised any monies by way of public issues during the 9 months period.
21. On the basis of our examination and according to the information and explanations given to us, no material fraud, on or by the Company, has been noticed or reported during the 9 months period.

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

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

Camp: Visakhapatnam
Date: May 27, 2013

**BALANCE SHEET AS AT 31ST MARCH 2013**

PARTICULARS	Note No.	As at 31.03.2013 Amount ₹	As at 30.06.2012 Amount ₹
I. EQUITY AND LIABILITIES			
Shareholder's funds:			
a) Share Capital	2.1	519,500,000	519,500,000
b) Reserves and Surplus	2.2	2,242,209,147	1,709,319,950
c) Equity Share Capital Suspense Account	2.3	59,827,195	59,827,195
		2,821,536,342	2,288,647,145
Non-Current liabilities			
a) Long Term Borrowings	2.4	1,132,029,891	1,395,454,225
b) Deferred Tax Liability	2.5	180,398,725	144,919,714
c) Other Long Term Liabilities	2.6	30,000,000	-
		1,342,428,616	1,540,373,939
Current Liabilities			
a) Short-term Borrowings	2.7	2,434,749,429	2,281,421,506
b) Trade Payables	2.8	4,251,824,135	4,306,947,394
c) Other Current Liabilities	2.9	1,305,790,760	1,168,700,330
d) Short Term Provisions	2.10	17,656,738	183,988,451
		8,010,021,062	7,941,057,681
TOTAL		12,173,986,020	11,770,078,765
II. ASSETS			
Non-current assets			
a) Fixed assets			
(i) Tangible assets	2.11	3,247,302,156	3,275,314,859
(ii) Capital Work in Progress		35,816,236	24,672,880
b) Non Current Investments	2.12	352,870,660	352,870,660
c) Long-term Loans and Advances	2.13	68,396,486	106,687,003
		3,704,385,538	3,759,545,402
Current assets			
a) Inventories	2.14	4,171,609,081	3,501,129,172
b) Trade Receivables	2.15	2,613,414,067	2,628,129,670
c) Cash and Bank Balances	2.16	370,410,155	486,696,283
d) Short term Loans & Advances	2.17	1,195,525,179	1,362,707,373
e) Other Current Assets	2.18	118,642,001	31,870,864
		8,469,600,482	8,010,533,363
TOTAL		12,173,986,020	11,770,078,765

The Notes 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

for and on behalf of the Board of Directors

CA. P. A. RAMAIAH
Partner
M.No. : F- 203300

B. SATISH KUMAR
Managing Director

B. SURESH KUMAR
Jt. Managing Director

B. SURESH
Director

Camp: Visakhapatnam
Date : May 27, 2013

Place : Visakhapatnam
Date : May 27, 2013

B.NARAHARI
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR 9 MONTHS PERIOD ENDED 31ST MARCH' 2013

PARTICULARS	Note No.	9 Months Period ended 31.03.2013 Amount ₹	15 Months Period ended 30.06.2012 Amount ₹
INCOME:			
Revenue from operations (Gross)	2.19	10,292,051,561	17,890,854,655
Less: Excise Duty		476,985,465	869,913,043
		9,815,066,096	17,020,941,611
Other Income	2.20	195,050,873	143,503,392
Total Revenue		10,010,116,969	17,164,445,004
EXPENDITURE:			
Cost of Material Consumed	2.21	2,844,429,065	6,775,327,250
Purchase of Traded Goods	2.22	4,922,615,640	7,485,188,733
Changes in Inventories	2.23	(168,123,043)	(1,300,448,423)
Employee Benefits	2.24	132,999,827	171,632,008
Finance Costs	2.25	630,915,686	1,078,106,561
Depreciation	2.11	117,594,571	171,646,185
Other Expenses	2.26	1,126,237,507	2,404,929,145
Total expenses		9,606,669,253	16,786,381,459
Profit before Taxes		403,447,716	378,063,545
Tax expenses:			
(1) Tax expense for current year		-	106,250,000
(2) Tax expense of Prior Years/(Excess provision written Back)		(164,920,493)	6,980,386
(3) MAT Credit Utilisation/(Entitlement)		-	(102,785,293)
(4) Deferred Tax		35,479,011	98,905,502
Profit for the period		532,889,198	268,712,950
Earnings per equity share (of ₹. 10/- each) :	2.33		
(1) Basic		10.26	5.61
(2) Diluted		9.20	4.99

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

As per our report of even date
for **PAVULURI & Co.**
Chartered Accountants
Firm Reg. No. 012194S

for and on behalf of the Board of Directors

CA. P. A. RAMAIAH
Partner
M.No. : F- 203300

B. SATISH KUMAR
Managing Director

B. SURESH KUMAR
Jt. Managing Director

B. SURESH
Director

Camp: Visakhapatnam
Date : May 27, 2013

Place : Visakhapatnam
Date : May 27, 2013

B.NARAHARI
Company Secretary



CASH FLOW STATEMENT FOR THE 9 MONTHS PERIOD ENDED 31.03.2013

	31.03.2013	30.06.2012
	Amount (₹)	Amount (₹)
A) CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before Taxation	403,447,716	378,063,545
Adjustment for:		
a) Depreciation	117,594,571	171,646,185
b) Preliminary Expenses written off	5,545,216	9,242,027
c) Bad Debts Written off	4,375,496	5,067,764
d) Financial Charges	630,915,686	1,078,106,561
e) Loss/ (profit) Sale of Investments	-	(8,168,488)
f) Loss/ (profit) on Sale of Asset	(75,395)	489,414
Operating profit before working capital changes	<u>1,161,803,290</u>	<u>1,634,447,009</u>
Adjustment for change in Working Capital		
a) Decrease/(Increase) in Trade & Other Receivables	252,884,764	(305,979,242)
b) Decrease/(Increase) in Inventories	(670,479,909)	(1,415,980,996)
c) Increase/ (Decrease) in Trade & Other Payables	(140,225,521)	2,103,574,515
Cash Generated from Operations	<u>603,982,624</u>	<u>2,016,061,285</u>
Less: Direct Taxes Provision	(164,920,493)	113,230,386
MAT credit entitlement	-	(102,785,293)
Net Cash from Operating Activities	<u><u>768,903,117</u></u>	<u><u>2,005,616,192</u></u>
B) CASH FLOW FROM INVESTING ACTIVITIES:		
a) Purchase of Fixed Assets	(89,781,475)	(590,375,094)
b) (Increase)/Decrease in Investments	-	(186,000,000)
c) Sale of Fixed Assets	275,001	712,798
d) Investment in GSAL (India) Limited on Amalgamation	-	(1,169,189,884)
e) (Increase)/Decrease in Capital Work in Progress	(11,143,356)	72,313,065
f) Gain on sale of Mutual Funds	-	8,168,488
Net Cash used in Investing Activities	<u><u>(100,649,830)</u></u>	<u><u>(1,864,370,628)</u></u>
C) CASH FLOW FROM FINANCING ACTIVITIES:		
a) Increase in Equity Share Capital	-	91,000,000
b) Increase/(Decrease) in Preference Share Capital	-	(5,504,000)
c) Increase/(Decrease) in Equity Share Suspense	-	59,827,195
d) Increase/(Decrease) in Share Application money	-	(381,500,000)
e) Increase in Share premium account	-	290,500,000
f) Net Increase in Secured Loans	(183,231,636)	672,398,490
g) Net (Decrease)/Increase in Unsecured Loans	158,996,204	167,769,835
h) Payment of Financial Charges	(630,915,686)	(1,078,106,561)
i) Proposed Dividend and Tax thereon	-	(546,400)
Net Cash generated through Finance	<u><u>(655,151,118)</u></u>	<u><u>(184,161,441)</u></u>
Net Increase/(Decrease) in Cash and equivalents (A+B+C)	13,102,169	(42,915,876)
Cash & Cash Equivalents -Opening balance	19,945,028	62,860,904
Cash & Cash Equivalents -Closing balance	33,047,197	19,945,028

As per our report of even date
for **PAVULURI & Co.**
Chartered Accountants
Firm Reg. No. 012194S

for and on behalf of the Board of Directors

CA. P. A. RAMAIAH
Partner
M.No. : F- 203300

B. SATISH KUMAR
Managing Director

B. SURESH KUMAR
Jt. Managing Director

B. SURESH
Director

Camp: Visakhapatnam
Date : May 27, 2013

Place : Visakhapatnam
Date : May 27, 2013

B.NARAHARI
Company Secretary

**NOTES to Financial Statements for the 9 months period ended 31st March, 2013****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.

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 in the Companies (Accounting Standard) Rules, 2006 as amended by the Companies (Accounting Standard) Amendment Rules, 2009 ("the Rules") and with the relevant provisions of the Act, pronouncements of The Institute of Chartered Accountants of India ('ICAI'), other relevant provisions of the Act. The financial statements have been prepared under the historical cost convention on an accrual basis and the accounting policies applied by the Company are consistent with those used in the previous period.

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 VI of the Companies Act, 1956. 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 Fixed Assets is charged under Straight Line Method (SLM)/ Written Down Value Method (WDV) in accordance with Schedule XIV of the Companies Act, 1956.

Depreciation on assets of sponge iron unit acquired on account of amalgamation of GSAL (India) Limited as per the

**NOTES to Financial Statements for the 9 months period ended 31st March, 2013**

DRS approved by BIFR vide order dated 6.8.2012 and additions to the sponge iron unit are provided under written down value method (WDV).

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 weighted average cost 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 period.

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:

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 period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after setting off of brought forward losses. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

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 using the Projected Unit Credit Method. Actuarial gains and losses are immediately recognized in the Statement of Profit and Loss.
- 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 period, as so far as they relate to the acquisition of 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

**NOTES to Financial Statements for the 9 months period ended 31st March, 2013**

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 period attributable to equity share holders by the weighted average number of equity shares outstanding during the period.

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. 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 ingots. 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 9 months period ended 31st March, 2013

2.1 SHARE CAPITAL

	As at 31.03.2013		As at 30.06.2012	
	No. of Shares	Amount ₹.	No. of Shares	Amount ₹.
i. Authorised				
Equity shares of ₹.10 each with voting rights	159,000,000	1,590,000,000	159,000,000	1,590,000,000
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
	233,000,000	2,330,000,000	233,000,000	2,330,000,000
ii. Issued, Subscribed and fully paid up				
Equity shares of ₹.10 each with voting rights	51,950,000	519,500,000	51,950,000	519,500,000
	51,950,000	519,500,000	51,950,000	519,500,000

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.

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

	As at 31.03.2013		As at 30.06.2012	
	No. of Shares	Amount ₹.	No. of Shares	Amount ₹.
Equity shares:				
i. Opening Balance	51,950,000	519,500,000	42,850,000	428,500,000
ii. Shares Issued on Conversion of Share Warrants	-	-	9,100,000	91,000,000
iii. Closing Balance	51,950,000	519,500,000	51,950,000	519,500,000
Preference Shares:				
i. Opening Balance	-	-	550,400	5,504,000
ii. Less:Redemption During the Year	-	-	550,400	5,504,000
iii. Closing Balance	-	-	-	-

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

Name of the Shareholder	As at 31.03.2013		As at 30.06.2012	
	No. of Shares	% held	No. of Shares	% held
Equity shares with voting rights:-				
i. Umashiv Garments Private Ltd	15,214,090	29.29	15,214,090	29.29



NOTES to Financial Statements for the 9 months period ended 31st March, 2013

	As at 31.03.2013 Amount ₹.	As at 30.06.2012 Amount ₹.
2.2 RESERVES & SURPLUS		
a) Capital Reserve		
Opening Balance	1,830,034,522	75,655,242
Balance of GSAL (India) Ltd on amalgamation	-	961,140,533
Adj. on A/c of DRS Scheme approved by BIFR	-	793,238,747
Closing Balance (A)	<u>1,830,034,522</u>	<u>1,830,034,522</u>
b) Revaluation Reserve		
Opening Balance	1,025,610,680	-
Addition on Account of revaluation of Land	-	1,025,610,680
Closing Balance (B)	<u>1,025,610,680</u>	<u>1,025,610,680</u>
c) Amalgamation Reserve		
Opening Balance	538,444,755	-
Addition on amalgamation of GSAL (India) Ltd.,	-	538,444,755
Closing Balance (C)	<u>538,444,755</u>	<u>538,444,755</u>
d) Capital Redemption Reserve		
Opening Balance	5,504,000	-
Transfer from Statement of Profit & Loss	-	5,504,000
Closing Balance (D)	<u>5,504,000</u>	<u>5,504,000</u>
e) Subsidy		
Opening Balance	1,500,000	-
Balance of GSAL (India) Ltd on amalgamation	-	1,500,000
Closing Balance (E)	<u>1,500,000</u>	<u>1,500,000</u>
f) General Reserve		
Opening Balance	56,500,000	49,000,000
Transferred from Statement of Profit and Loss	-	7,500,000
Closing Balance (F)	<u>56,500,000</u>	<u>56,500,000</u>
g) Securities Premium Account		
Opening Balance	897,823,960	607,323,960
Premium on shares issued during the period	-	290,500,000
Closing Balance (G)	<u>897,823,960</u>	<u>897,823,960</u>
h) Investment Allowance Reserve		
Opening Balance	1,720,306	1,720,306
Additions during the period	-	-
Closing Balance (H)	<u>1,720,306</u>	<u>1,720,306</u>
i) Surplus in Statement of Profit and Loss		
Opening Balance	(2,647,818,275)	446,917,086
Balance of GSAL (India) Ltd on amalgamation	-	(3,349,897,909)
Add: Profit for the period	<u>532,889,198</u>	<u>268,712,950</u>
	<u>(2,114,929,076)</u>	<u>(2,634,267,875)</u>
Less:		
Appropriations		
Dividends proposed to be distributed to preference shareholders	-	470,133
Corporate Dividend Tax	-	76,267
Transfer to Capital Redemption Reserve	-	5,504,000
Transfer to General Reserve	-	7,500,000
Closing Balance (I)	<u>(2,114,929,076)</u>	<u>(2,647,818,275)</u>
Total (A+B+C+D+E+F+G+H+I)	<u>2,242,209,147</u>	<u>1,709,319,950</u>


NOTES to Financial Statements for the 9 months period ended 31st March, 2013
2.3 EQUITY SHARE CAPITAL SUSPENSE

59,82,720 Equity Shares are pending for allotment to sharholders of GSAL (INDIA) Limited as per the Draft rehabilitation Scheme (DRS) approved by the Hon'ble Board of Industrial and Finanacial Reconstruction and (BIFR) vide order dated 06th August' 2012.

2.4 LONG TERM BORROWINGS

	As at 31.03.2013 Amount ₹.		As at 30.06.2012 Amount ₹.	
	Non Current	Current	Non Current	Current
Secured				
- Rupee Term Loans from Banks	783,136,000	443,696,751	1,133,327,105	390,400,000
- Rupee Term Loans from Others	47,925,071	125,000,000	120,154,504	93,750,000
Unsecured				
- Rupee Term Loans from Banks	1,015,289	2,747,008	3,198,580	2,329,275
- Rupee Term Loans from others	246,652,163	54,039,709	85,062,161	27,055,901
- Interest free Sales Tax Loan	51,464,268	17,154,756	51,464,268	34,309,512
- Vehicle Hire Purchase Loans	1,837,100	3,320,154	2,247,607	12,252,712
	1,132,029,891	645,958,378	1,395,454,225	560,097,400

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

Nature of Security

Secured Corporate Term Loans are secured by first pari passu charge on all stocks, book debts and other current assets of the company along with other working capital lenders under consortium, second charge on company's fixed assets both present and future on pari passu basis, and personal guarantee of promoter 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 promoter directors of the company

Term Loan from Pridhvi Asset Reconstruction and Securitisation Company Limited (PARAS) was secured by first charge on fixed assets of Sponge iron division.

Terms of repayment

Banker/Financer	Terms of repayment
Corporate Term Loans	
State Bank of Hyderabad outstanding as on 31.03.2013 of ₹14,78,80,357 (Previous year: ₹19,89,61,877)	Repayable in 48 monthly installments commencing from April 2011. Last installment due in March, 2015. Rate of interest 14.65% p.a. as at the end of the period.
State Bank of India outstanding as on 31.03.2013 of ₹52,98,39,914 (Previous year: ₹ 67,92,41,012)	Repayable in 48 monthly installments commencing from April 2011. Last installment due in March, 2015. Rate of interest 14.65% p.a. as at the end of the period.
Term Loans	
State Bank of Bikaner & Jaipur outstanding as on 31.03.2013 of ₹10,32,32,493 (Previous year: ₹12,19,15,818)	Repayable in quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 15.75% p.a. as at the end of the period.
State Bank of Travencore outstanding as on 31.03.2013 of ₹13,72,15,654 (Previous year: ₹16,20,92,603)	Repayable in quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 15% p.a. as at the end of the period.
State Bank of Mysore outstanding as on 31.03.2013 of ₹10,28,96,095 (Previous year: ₹12,16,62,887)	Repayable in quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 15.75% p.a. as at the end of the period.
State Bank of India outstanding as on 31.03.2013 of ₹ 20,57,68,239 (Previous year: ₹ 23,98,52,907)	Repayable in quarterly installments commencing from June, 2011. Last installment due in March 2018. Rate of interest 14.45% p.a. as at the end of the period.
PARAS outstanding as on 31.03.2013 of ₹17,29,25,071 (Previous year: ₹ 21,39,04,504)	Repayable in quarterly installments commencing from June, 2011. Last installment due in March 2015. Rate of interest 18% p.a. as at the end of the period.


NOTES to Financial Statements for the 9 months period ended 31st March, 2013
Maturity profile for Long term Unsecured Borrowings:
Amount ₹

Borrowings	Principal Repayable in		
	1-2 Years	2-3 Years	Above 3 Years
Rupee Term Loans from banks	3,762,297	-	-
Rupee Term Loans from others	99,184,722	41,507,150	160,000,000
Interest Free Sales tax Loan	34,309,512	34,309,512	-
Hire Purchase Loans	5,157,254	-	-

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 2.9)

	Amount ₹ As at 31.03.2013	Amount ₹ As at 30.06.2012
2.5 DEFERRED TAX LIABILITY		
On difference between book balance and tax balance of fixed assets	176,992,000	139,355,396
On expenditure deferred in the books but allowable for tax purposes	3,406,725	5,564,318
	180,398,725	144,919,714
2.6 OTHER LONG TERM LIABILITIES		
Trade Deposits	30,000,000	-
	30,000,000	-
2.7 SHORT TERM BORROWINGS		
Secured		
a) Working Capital Loan from Banks (Secured by hypothecation of raw materials, finished goods, stores & spares and book debts and first charge on unencumbered assets and second charge on encumbered assets of the Company)	2,434,749,429	2,281,421,506
	2,434,749,429	2,281,421,506
2.8 TRADE PAYABLES		
Dues to Micro and Small Scale Enterprises (Note:2.28)	-	-
Dues to other than Micro and Small Scale Enterprises	4,251,824,135	4,306,947,394
	4,251,824,135	4,306,947,394
2.9 OTHER CURRENT LIABILITIES		
Current maturities of long-term debt (Note:2.4)	645,958,378	560,097,400
Payables for Capital goods	14,564,240	19,178,283
Security Deposits	754,218	505,563
Advances from Customers	445,771,262	284,897,200
Payables to Employees	11,529,932	10,944,361
Statutory remittances	18,617,553	114,792,192
Unclaimed Dividend	2,253,752	2,253,752
Other Current Liabilities	166,341,424	176,031,579
	1,305,790,760	1,168,700,330



	Amount ₹ As at 31.03.2013	Amount ₹ As at 30.06.2012
2.10 SHORT TERM PROVISIONS		
Provision for Tax	17,656,738	183,442,051
Provision for proposed preference dividend	-	470,133
Provision for tax on proposed dividends	-	76,267
	17,656,738	183,988,451
2.12 NON CURRENT INVESTMENTS		
Trade Investments - (At cost):		
Investment in equity instruments- (Unquoted) 3,52,87,066 Equity shares of ₹.10 each in Simhadri Power Limited (30.06.2012: 3,52,87,066 Shares)	352,870,660	352,870,660
	352,870,660	352,870,660
2.13 LONG TERM LOANS AND ADVANCES		
Unsecured, considered good		
Capital Advances	15,831,767	12,894,096
Security Deposits	48,108,719	83,726,946
Unamortised Expenses:- (#)		
Preliminary Expenses	606,000	1,228,461
Deferred revenue expenditure	3,850,000	8,837,500
	68,396,486	106,687,003
# Amount to be written off in the next twelve months have been grouped under "Other Current Assets" (Note 2.18)		
2.14 INVENTORIES		
Raw Material	1,218,886,323	861,567,996
Finished Goods	2,675,012,420	2,506,889,377
Consumables	58,598,426	77,052,245
Stores & Spares	76,222,084	44,612,675
Stock in transit of Raw material	142,889,827	11,006,879
	4,171,609,081	3,501,129,172
2.15 TRADE RECEIVABLES		
<u>Unsecured, considered good</u>		
Outstanding for a period exceeding six months from the date they were due for payment	79,844,800	54,789,600
Other trade receivables	2,533,569,267	2,573,340,070
	2,613,414,067	2,628,129,670

2.11 TANGIBLE ASSETS

(in ₹.)

Particulars	Freehold Land and Roads	Freehold Land Buildings	Machinery	Electricals	Equipments	Furniture & Fixtures	Vehicles	Railway Sidings	Total
Gross Block as at 01.07.2012	1,154,253,401	788,557,820	2,907,105,726	204,588,171	40,295,052	14,975,295	69,649,556	67,562,743	5,246,987,763
Additions During the Period	11,238,334	23,904,659	51,207,963	-	817,232	116,529	2,496,758	-	89,781,475
Less: assets disposed during the Period	-	-	-	-	-	-	810,480	-	810,480
Gross Block as at 31.03.2013	1,165,491,735	812,462,479	2,958,313,689	204,588,171	41,112,284	15,091,824	71,335,834	67,562,743	5,335,958,758
Previous period	(1,154,253,401)	(788,557,820)	(2,909,055,044)	(204,781,521)	(38,152,384)	(14,975,295)	(69,649,556)	(67,562,743)	(5,246,987,763)
Accumulated Depreciation as at 01.07.2012	-	178,387,671	1,705,777,297	27,572,646	29,087,156	9,622,989	21,225,145	-	1,971,672,905
Depreciation During the Period	-	19,518,015	83,980,922	7,234,741	1,466,209	508,238	4,886,446	-	117,594,571
less: Depreciation on assets disposed during the Period	-	-	-	-	-	-	610,873	-	610,873
Accumulated Depreciation as at 31.03.2013	-	197,905,686	1,789,758,219	34,807,387	30,553,366	10,131,227	25,500,718	-	2,088,656,602
Previous period	-	(178,387,671)	(1,706,480,800)	(29,048,735)	(26,907,564)	(9,622,989)	(21,225,145)	-	(1,971,672,904)
Net Block as on 31.03.2013	1,165,491,735	614,556,793	1,168,555,470	169,780,784	10,558,918	4,960,597	45,835,116	67,562,743	3,247,302,156
Previous period	(1,154,253,401)	(610,170,148)	(1,202,574,244)	(175,732,787)	(11,244,820)	(5,352,306)	(48,424,411)	(67,562,743)	(3,275,314,859)

Note : During the period 2011-12, the Company's land, Plant and Machinery, situated at plot no.27, IDA Block E Auto Nagar, Vishakapatnam has been given possession to Shri Bhavani Wire Industries. The sale price is yet to be adjusted pending approval of Banks for which the company has taken the approval of share holders through postal ballot.



	Amount ₹ As at 31.03.2013	Amount ₹ As at 30.06.2012
2.16 CASH AND BANK BALANCES		
(i) Cash and Cash Equivalents		
a) Balances with banks - In Current Accounts	24,735,694	8,983,914
b) Cash on Hand	8,311,502	10,961,114
Total (A)	33,047,197	19,945,028
(ii) Other Bank Balances		
a) In deposit accounts - Held as Margin Money	335,109,206	464,497,503
b) Unpaid dividend accounts	2,253,752	2,253,752
Total (B)	337,362,958	466,751,255
Total (A+B)	370,410,155	486,696,283
2.17 SHORT TERM LOANS AND ADVANCES		
<u>Unsecured, considered good</u>		
<u>Loans and advances to related parties</u>		
Inter Corporate Deposits	102,198,716	52,109,169
<u>Loans and advances to others</u>		
Advances For Purchases & Works	327,448,019	542,971,722
Advance Tax and Tax Deducted at Source	129,441,274	162,113,600
Indirect Tax Balances	35,442,905	27,799,948
MAT Credit Entitlement	150,645,995	150,645,995
State Govt incentives receivable (Sales Tax)	87,144,663	76,929,475
Prepaid Expenses	1,299,721	4,266,091
Other Advances	361,903,887	345,871,374
	1,195,525,179	1,362,707,373
2.18 OTHER CURRENT ASSETS		
<u>Unsecured, considered good</u>		
Advance for Expenses	21,794,772	21,450,119
Other Receivables	89,526,484	3,164,745
<u>Unamortised Expenses:- (Note:2.12)</u>		
Preliminary Expenses	670,745	606,000
Deferred revenue expenditure	6,650,000	6,650,000
	118,642,001	31,870,864



	Amount ₹. 9 Months Period ended 31.03.2013	Amount ₹. 15 Months Period ended 30.06.2012
2.19 REVENUE FROM OPERATIONS		
Sale of Products		
Finished Goods	4,982,620,043	9,318,882,297
Energy	56,666,279	215,308,698
Sale of Traded Goods	5,193,193,391	8,227,347,599
Other Operating revenue		
Sales Incentives	50,028,660	66,378,585
Sales Tax Incentives	9,543,188	62,937,476
	10,292,051,561	17,890,854,655
<u>Details of products Sold</u>		
Finished Goods Sold		
Rebar & Wires	4,236,442,456	7,722,647,046
Billets & Ingots	142,763,884	1,089,439,187
Sponge iron	20,574	33,543,378
Steel Scrap	1,794,919	71,621,118
Coal Fines	546,001,945	123,270,430
Iron Ore Fines	37,291,818	257,758,571
Mill Scale and Others	18,304,447	20,602,568
	4,982,620,043	9,318,882,297
Energy		
Power	56,666,279	215,308,698
	56,666,279	215,308,698
Trading Goods Sold		
Rebar, Wire & Wire Rod Coils	4,176,934,460	4,655,065,162
Billets & Ingots	174,170,331	161,226,434
Pig Iron & Scrap	552,949,994	2,957,790,763
Structurals	283,818,539	325,065,290
Nut Coke	5,165,922	128,199,951
Coal	154,145	-
	5,193,193,391	8,227,347,599



	Amount ₹. 9 Months Period ended 31.03.2013	Amount ₹. 15 Months Period ended 30.06.2012
2.20 OTHER INCOME		
Interest Received	80,116,663	127,613,355
Lease Rental Income	3,530,725	217,875
Net Gain on sale of current investments	-	8,168,488
Miscl. Receipts	4,023,478	7,503,674
Gain on Exchange Fluctuation	107,380,006	-
	195,050,873	143,503,392
2.21 COST OF MATERIAL CONSUMED		
Raw Material Consumed		
Opening Balance	861,567,996	781,937,444
Add : Purchases	3,201,747,392	6,854,957,802
	4,063,315,388	7,636,895,246
Less: Closing Stock	1,218,886,323	861,567,996
Cost of Materials Consumed (#)	2,844,429,065	6,775,327,250
# Details of Materials Consumed		
Billets, Blooms & Ingots	569,732,394	1,741,008,732
Scrap	1,474,293,885	2,066,719,597
Pig Iron	172,259,250	465,162,195
Sponge iron	157,342,078	8,495,537
Wire Rod Coils	170,665,857	533,097,426
Nut Coke	10,954,049	21,817,851
Coal	81,239,489	630,922,264
Iron ore	205,798,896	1,177,210,412
Lime Stone	1,259,166	1,608,516
Pellets	-	122,889,473
Others	884,000	6,395,248
	2,844,429,065	6,775,327,250



	Amount ₹. 9 Months Period ended 31.03.2013	Amount ₹. 15 Months Period ended 30.06.2012		
2.22 PURCHASE OF TRADED GOODS				
Rebar, Wire & Wire Rod Coils	4,441,530,677	3,991,985,848		
Billets,Blooms & ingots	227,127,676	35,519,363		
Pig Iron & Scrap	7,469,822	2,988,195,918		
Structurals	246,487,465	312,343,875		
Iron Ore	-	28,889,778		
Nut Coke	-	128,253,951		
	4,922,615,640	7,485,188,733		
2.23 CHANGES IN INVENTORIES				
Closing Stock of:				
Finished Goods	1,767,201,836	1,141,201,249		
Traded Goods	907,810,584	1,365,688,128		
Total (A)	2,675,012,420	2,506,889,377		
Opening Stock of:				
Finished Goods	1,141,201,249	289,594,870		
Traded Goods	1,365,688,128	916,846,084		
Total (B)	2,506,889,377	1,206,440,954		
(Increase)/Decrease in Stock (A-B)	(168,123,043)	(1,300,448,423)		
Details of inventory	9 months Ended 31.03.2013 Amount ₹.	15 Months Ended 30.06.2012 Amount ₹.		
	Manufacturing	Trading	Manufacturing	Trading
Rebar & Wires	215,902,914	479,959,007	318,674,863	356,842,414
Billets & Ingots	64,742,184	87,616,436	117,708,519	2,941,314
Sponge iron	51,274,098	-	135,923,097	-
Pig iron & Scrap	-	326,519,353	-	984,634,375
Steel Scrap	6,776,075	-	2,146,680	-
Structurals	-	11,225,538	-	18,779,776
Coal & Coal Fines	1,409,617,159	2,490,250	565,031,746	2,490,250
Iron Ore Fines	-	-	-	-
Mill Scale and Others	1,389,407	-	1,716,345	-
Slag	17,500,000	-	-	-
	1,767,201,836	907,810,584	1,141,201,249	1,365,688,128



	Amount ₹. 9 Months Period ended 31.03.2013	Amount ₹. 15 Months Period ended 30.06.2012
2.24 EMPLOYEE BENEFITS		
Salaries & Wages	127,769,033	164,336,115
Contributions to provident Fund and other funds	1,847,571	3,548,037
Staff welfare	3,383,223	3,747,856
	132,999,827	171,632,008
2.25 FINANCE COSTS		
Interest Expenses on:		
- Term loans	179,578,047	380,747,195
- Working Capital Loans	264,575,436	338,863,582
- Others	76,566,112	68,683,608
Bank Charges & Comission	110,196,091	289,812,175
	630,915,686	1,078,106,561
2.26 OTHER EXPENSES		
Stores, Spares & Consumables	173,266,301	391,618,632
Power & Fuel	466,186,783	651,730,175
Gas charges	29,855,615	161,954,724
Transmission Charges	-	2,160,482
Repairs & Maintenance	16,302,980	49,935,601
Factory Maintanance	3,902,005	5,075,889
Freight Charges	188,006,197	361,408,888
Loading & Unloading Charges	757,372	1,252,518
Contract Charges	22,299,244	53,270,755
Labour Charges	1,288,115	718,989
Other Manufacturing expenses	7,464,565	17,289,012
Legal & Professional Charges	13,425,368	14,160,924
Rent	927,900	1,096,492
Rates & Taxes	76,451,189	97,358,583
Insurance	4,066,571	6,035,541
Payment to Auditors		
As Auditors	2,000,000	2,000,000
For Tax Audit	500,000	500,000
For Tax representation	250,000	250,000
For Certification & Others	790,000	750,000
Discounts & Comissions	29,603,466	146,055,882
CSR Expenses	8,216,448	730,497
Selling & Distribution Expenses	3,597,126	3,767,555
General Charges	75,626,741	98,160,111
Loss on Sale of Assets (Net)	-	489,414
Exchange Fluxuation Loss (Net)	-	336,096,024
Prior period Expenses (Net)	1,453,522	1,062,459
	1,126,237,507	2,404,929,146



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	9 Months Period ended 31.03.2013	15Months Period ended 30.06.2012
o Due to Micro, small enterprises- other Disclosures;	-	-
o Principal amount remaining unpaid as on 31.03.2013 includes.	-	-
o Sundry Creditors includes to micro, small and medium enterprises*	-	-
o Interest due thereon as on 31.03.2013	-	-
o 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 31.03.2013. 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

	Amount ₹. 31st March 2013	Amount ₹. 30th June 2012
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	34,50,846	34,50,846
c. Demands from Sales tax department disputed	4,82,93,992	64,65,925
d. Demands from Excise departments disputed	1,88,75,244	1,58,15,848
e. Others	1,76,33,964	1,72,97,900
f. Letters of credit and bank guarantees	1,56,24,944	62,00,000
g. In the event of non payment of dues of PARAS as per DRS, amounts claimable against the company as per the debts of IDBI and ICICI of GSAL (India) limited assigned in favour of PARAS along with interest there on as per the assignment Deed. Amount not ascertained.		
h. Corporate Guarantee given to the Term Loan and Working Capital lenders of M/s Simhadri Power Ltd	288,00,00,000	230,00,00,000

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.



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

	31st March 2013 Value in ₹.	30th June 2012 Value in ₹.
Raw Materials	91,35,24,638	378,16,92,022
Components and Spares	15,16,715	72,73,063
Capital goods	NIL	-
Total	91,50,41,353	378,89,65,085

2.31 Expenditure in foreign currency:

	31st March 2013 Value in ₹.	30th June 2012 Value in ₹.
Raw-Material	NIL	3,60,84,680
Components & Spares	15,16,715	45,81,208
Travelling Expenses	NIL	3,97,537
Advisory & Consulting Charges	NIL	2,12,345
Others	79,09,637	36,82,604
Total	94,26,352	4,49,58,374

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

Names of Related Parties And Description of Relationship:

A Associate Concerns

- | | |
|--|--|
| 1) VPL Projects Private Limited | 2) Vizag Profile Constructions India Private Limited |
| 3) Vizag Profiles Private Limited | 4) Umashiv Garments Private Limited |
| 5) World Future League Private Limited | 6) Simhadri Power Limited |
| 7) Simhadri Wires Private Limited | 8) Simhadri Pellets India limited |
| 9) Satyatej Vyaapar Private Limited | 10) Simhadri Infrastructure Developers Private Limited |

B Key Management Personnel

- 1) B. Satish Kumar- Chairman cum Managing Director
- 2) B. Suresh Kumar - Jt. Managing Director
- 3) B. Suresh - Director

C Relatives of Key Management Personnel

- 1) B. Rajesh - Vice President (Finance)

Particulars of transactions during the period :

Amount (₹.)

Particulars	Associates	Key Management Personnel	Relative of Key Management Personnel	Total
Income:				
Lease Rentals Received	1,30,725			1,30,725
Sale of Goods	87,28,17,244			87,28,17,244
Purchase of goods	36,92,51,241			36,92,51,241
Interest Received	57,37,082			57,37,082
Expenses:				
Services	8,73,71,660			8,73,71,660
Director's Remuneration & Perquisites		86,41,628		86,41,628
Salaries			19,90,000	19,90,000
Balance Sheet Heads (Closing Balances):				
Investment in Equity Shares				
Amounts payable on 31.03.2013	11,50,30,507	41,750		11,50,72,257
Amounts receivable on 31.03.2013	12,54,92,350			12,54,92,350

**Disclosure as per Clause 32 of the Listing Agreement entered with the Stock Exchanges:**

Name of the Company	Relationship	Balance as at 31.03.2013 (Amount ₹.)	Maximum balance Outstanding During the Period (Amount ₹.)
Loans and Advances: Vizag Profile Constructions India Private Limited	Associate	9,96,98,716 (5,21,09,169)	9,96,98,716 (9,09,51,876)
VPL Projects Private Limited	Associate	25,00,000 (Nil)	25,00,000 (Nil)
Investments: Simhadri Power Limited	Associate	35,28,70,660 (35,28,70,660)	35,28,70,660 (35,28,70,660)

Note: Figures in brackets relate to the previous period

2.33 Earnings Per Share:

	31st March 2013	30th June 2012
Net Profit for the Period/Year	53,28,89,198	26,87,12,950
Less: Preference Dividend (Including Dividend Tax)	-	5,46,400
Amount Available for Equity Share Holders	53,28,89,198	26,81,66,550
Weighted Average Number of Shares for Basic EPS	5,19,50,000	4,77,73,195
Add: Adjustment for Equity Share Capital Suspense A/c	59,82,720	59,82,720
Weighted Average Number of Shares for Diluted EPS	5,79,32,720	5,37,55,915
Nominal Value per Share (₹.)	10.00	10.00
Basic Earnings per Share (₹.)	10.26	5.61
Diluted Earnings per Share(₹.)	9.20	4.99

- 2.34 Due to change of the accounting year by the company, current period's figures being for 9 months are not comparable with the previous period figures of 15 months.
- 2.35 Directors Remuneration: ₹.86,41,628 (Previous Period : ₹.92,46,022)
And Perquisites
- 2.36 In the opinion of the Board of Directors the Current Assets, Loans & Advances are approximately of the value stated in the accounts, if realized in the ordinary course of business.
- 2.37 The balance shown in Sundry Debtors, Sundry Creditors, advances are subject to confirmation from the respective parties

As per our report of even date
for **PAVULURI & Co.**
Chartered Accountants
Firm Reg. No. 012194S

for and on behalf of the Board of Directors

CA. P. A. RAMAIAH
Partner
M.No. : F- 203300

B. SATISH KUMAR
Managing Director

B. SURESH KUMAR
Jt. Managing Director

B. SURESH
Director

Camp: Visakhapatnam
Date : May 27, 2013

Place : Visakhapatnam
Date : May 27, 2013

B.NARAHARI
Company Secretary

STEEL EXCHANGE INDIA LIMITED

Regd Office: 303, My Home Laxmi Nivas
Green Lands, Ameerpet, Hyderabad – 500 016

ATTENDANCE SLIP

Name and address : No. of Shares :
of the shareholder : Regd. Folio No. :
DP ID :
Client ID :

Name of the Proxy (if applicable):

I/We hereby record my/our presence at the Fourteenth Annual General Meeting of the Company held on Monday, the 12th day of August, 2013 at 12.00 Noon at The Square Hyderabad, 6-3-870, Green Lands, APTDC Paryatak Bhavan, Begumpet, Hyderabad - 500 016.

Member's/Proxy's Signature.

NOTE: Shareholders attending the Meeting in person or by proxy should complete the attendance slip and hand it over at the registration counter.

STEEL EXCHANGE INDIA LIMITED

Regd Office: 303, My Home Laxmi Nivas
Green Lands, Ameerpet, Hyderabad – 500 016

PROXY FORM

DPID : Regd. Folio No. :
Client ID :

I/We.....ofbeing a Member/Members of Steel Exchange India Limited, hereby appoint.....ofor failing himofas my/our proxy to attend and vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company held on Monday, the 12th day of August, 2013 at 12.00 Noon at The Square Hyderabad, 6-3-870, Green Lands, APTDC Paryatak Bhavan, Begumpet, Hyderabad - 500 016 and at any adjournment thereof.

Signed on this _____ day of _____ 2013.



This form is to be used _____ *in favour of _____ the resolutions. Unless otherwise instructed, the Proxy
* against

will act as he thinks fit. * Strike out whichever is not desired.

The proxy form duly stamped & signed should be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting. A proxy need not be a member of the company.

BOOK POST

To

If undelivered please return to:

STEEL EXCHANGE INDIA LIMITED

303, My Home Laxmi Nivas,

Greenlands, Ameerpet,

Hyderabad – 500 016.