

# **26th Annual Report 2015-16**



STEELCO GUJARAT LIMITED





## "Parivartan" being carried out by initiating various Employee Engagement Activities



### Guru Purnima Celebration in All Departments



Monthly Birthday Celebrations



Training on Naturopathy & Stress Management



Flag Hosting on Independence Day



## COMPANY INFORMATION

### BOARD OF DIRECTORS

Dr. R. S. Mamak	Non-Executive Vice Chairman (w.e.f. 14-08-2015)
Shri Mitesh Shah	Managing Director
Shri Rashmi Chandaria	Non-Executive Director
Shri Vimal Chandaria	Non-Executive Director
Shri J. Mehra	Independent Director
Shri Mahendra Lodha	Independent Director
Shri S. S. Ranjan	Independent Director
Shri Jiban Goswami	Nominee Director
Smt. Ameeta Trehan	Independent Director (w.e.f. 16-05-2015)

### CHIEF FINANCIAL OFFICER (CFO)

Shri Abhishek Jajoo (w.e.f. 6th November, 2015)  
Shri Sunil Singhvi (upto 23rd October, 2015)

### COMPANY SECRETARY

Shri Achal Thakkar (w.e.f. 29th August, 2015)  
Shri Arvind Tambi (upto 28th August, 2015)

### REGISTERED OFFICE & WORKS

Plot No. 2, G.I.D.C. Estate,  
National Highway No. 8,  
Palej - 392 220,  
Dist. Bharuch, Gujarat.  
CIN : L27110GJ1989PLC011748  
Phone : 91-2642-277 479 / 481, 277326  
Fax : 91-2642-277 307  
E-mail : sgl@steelcogujarat.com  
Website : www.steelcogujarat.com

### REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited  
Unit : Steelco Gujarat Limited  
B-102 & 103, 1st Floor, Shangrila Complex,  
Opp. HDFC Bank,  
Near Radhakrishna Char Rasta, Akota,  
Vadodara - 390 020.  
Phone : 91-265-2356573 / 2356794  
Fax : 91-265-2356791  
Email : vadodara@linkintime.co.in

### BANKERS

State Bank of India  
State Bank of Mysore  
State Bank of Travancore  
State Bank of Hyderabad  
Bank of India  
Canara Bank  
The Federal Bank Limited

### STATUTORY AUDITORS

M/s. Mukesh M. Shah & Co.  
Chartered Accountants, Ahmedabad

### INTERNAL AUDITORS

M/s. Deloitte Haskins & Sells, LLP  
Chartered Accountants, Mumbai (for FY 2015-16)

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**NOTICE**

**NOTICE** is hereby given that **TWENTY SIXTH ANNUAL GENERAL MEETING** of the Members of **STEELCO GUJARAT LIMITED** will be held on Friday, 30<sup>th</sup> September, 2016 at 3:30 p.m. at its Registered Office at Plot No. 2, GIDC Estate, Palej – 392 220, Dist. Bharuch, Gujarat to transact the following business:

**ORDINARY BUSINESS :**

1. To consider & adopt Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March, 2016 together with Report of Board and the Auditors thereon, and
2. To appoint a Director in place of Shri Vimal Chandaria, who retires by rotation and being, eligible offers himself for reappointment.
3. To appoint a Director in place of Shri Jiban Goswami, who retires by rotation and being, eligible offers himself for reappointment.
4. To appoint M/s. Mukesh M. Shah & Co., Chartered Accountants (Firm Registration No. 106625W) as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

**SPECIAL BUSINESS:**

**5. TO APPROVE SALE OF LAND TO STEELCO COLOUR COATING LIMITED**

**To consider and if thought fit, to pass the following resolution as a Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with applicable provisions of the Companies (meeting of Board and its powers) Rules, 2014 and all other provisions, laws, rules, as applicable and pursuant to approval of the Audit Committee and Board of Directors, and subject to approval of such appropriate authorities, as may be required, consent of the Shareholders to the Board of Directors (hereinafter referred to as the “Board”, which term shall include any committee constituted by the Board of Directors of the Company or any person(s) authorized by the Board to exercise the powers conferred on the Board of Directors of the Company by the resolution) be and is hereby accorded for entering into related party transaction by the Company by way of execution of necessary documents for sale of its partial unusable land, admeasuring of about 40470.9893 sq. mtrs at a consideration amounting to ₹ 15,00,00,000 (Rupees Fifteen Crores Only) to Steelco Colour Coating Ltd.”

“**RESOLVED FURTHER THAT** Shri Mitesh H. Shah, Managing Director, Shri Abhishek Jajoo, Chief Financial Officer and Shri Achal Thakkar, Company Secretary of the Company be and are hereby, severally authorized to do or cause to be done all such acts, matters, deeds and things and to settle any queries, difficulties, doubts that may arise with regard to aforesaid transaction with the related party and execute such agreements, documents and writings and to make such filings, as may be necessary or desirable for the purpose of giving effect to this resolution, in the best interest of the Company.”

**6. TO APPROVE REMUNERATION OF COST AUDITOR FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH, 2017**

**To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

“**RESOLVED THAT** pursuant to the provisions of section 148 and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit & Auditors) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, M/s. A. G. Tulsian & Co., Cost Accountants, Ahmedabad, PAN ABFFA7797L, Firm Regn. No. 100629, re-appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the financial year ended 31<sup>st</sup> March, 2017, be paid the remuneration as set out in statement annexed to the notice convening this meeting.

**RESOLVED FURTHER THAT** any Director of the Company and /or the Company Secretary be and are hereby severally authorized to do all the acts and deeds necessary and expedient for the purpose.”

**7. TO APPROVE OFFER, ISSUANCE AND ALLOTMENT OF 6% NEW 3,00,00,000 REDEEMABLE CUMULATIVE NON-CONVERTIBLE PREFERENCE SHARES, EACH OF ₹ 10/- TO SPICA BUSINESS CORP, PANAMA**

**To consider and if thought fit, to pass the following resolution as a Special Resolution:**

“**RESOLVED THAT** in accordance with the provisions of Sections 42, 55, 62 and any other applicable provisions, if any, of the Companies Act, 2013 and rules framed thereunder, and subject to approval of Bankers, CDR, if required and subject to approval under / compliance of provisions of the Foreign Exchange Management Act, 1999, the Foreign Exchange (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, the Securities and Exchanges Board of India (SEBI) Act, 1992 and regulations made thereunder and subject to approval of other requisite regulatory authorities, if any, approval be and is hereby accorded to the Board of Directors to offer, issue and allot 6% new 3,00,00,000 Redeemable Cumulative Non-Convertible Preference Shares redeemable as may be decided by the Board of Directors, subject to compliance of applicable laws, from time to time, each of ₹ 10 to SPICA Business Corp, Panama.”

“**RESOLVED FURTHER THAT** Shri Mitesh H. Shah, Managing Director and Shri Achal Thakkar, Company Secretary, be and are hereby severally authorised to take all necessary steps for implementation of the above proposal.”

**By order of the Board,  
For Steelco Gujarat Limited**

**Place : Mumbai  
Date : 12<sup>th</sup> August, 2016  
CIN : L27110GJ1989PLC011748**

**Achal Thakkar  
Company Secretary**

**NOTES :**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE IN HIS STEAD. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

Members desiring to seek any information pertaining to Annual Accounts and operations of the Company are requested to write their questions/queries to the Company Secretary of the Company so as to reach at least seven days before the date of the Annual General Meeting to enable the Company to keep the information available to the best extent possible.

Members are requested to intimate changes, if any, in their registered addresses to the Share Transfer Agent for shares held in physical format to their respective Depository Participant(s) for shares held in electronic form, quoting their Registered Folio Number / DP ID No. as the case may be in all the correspondence.

The Register of Members and Share Transfer Books of the Company will remain closed from 24<sup>th</sup> September, 2016 to 30<sup>th</sup> September, 2016 (both days inclusive).

Members are requested to bring their copy of the Annual Report and the Attendance Slips at the Annual General Meeting.

Equity Shares of the Company are listed at BSE Ltd., P. J. Tower, Dalal Street, Mumbai.

Equity Shares of the Company are dematerialized with NSDL and CDSL.

All the documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Company's registered office at Plot No. 2, GIDC Estate, Palej – 392 220, Dist. Bharuch, Gujarat on all working days of the Company between 3:00 p.m. to 5:00 p.m. upto the date of Annual General Meeting.

Explanatory statement pursuant to section 102 of the Companies Act, 2013 in respect of item no. 5 to 7 is annexed hereto.

### E-Voting:

Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 the Company is pleased to provide its members the facility to exercise their right to vote by electronic means. The facility of casting votes using an electronic voting system from a place other than the AGM venue ('remote e-voting') will be provided to the members by Central Depository Services (India) Limited (CDSL).

The Company is providing facility for voting by electronic means and the business may be transacted through such electronic voting. The facility for voting through ballot paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The e-voting period begins on 27<sup>th</sup> September, 2016 (9:00 a.m.) and ends on 29<sup>th</sup> September, 2016 (5:00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23<sup>rd</sup> September, 2016, may cast their vote electronically. Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the notice and holding share as on 23<sup>rd</sup> September, 2016, may obtain the login Id and password by sending request at [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com). The e-voting module shall be disabled by CDSL for voting after 29<sup>th</sup> September, 2016 (5.00 p.m.).

### PROCEDURE FOR E- VOTING

A. The 'Step by Step' procedure and instructions for casting your vote electronically are as under:

- Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Next click on "Shareholders" tab to cast your votes.
- Now Enter your User ID.  
For CDSL: 16 digits beneficiary ID.  
For NSDL: 8 Character DP ID followed by 8 Digits Client ID,  
Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any Company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

For members holding shares in Demat Form and Physical Form	
<b>PAN</b>	Enter your 10 digits alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders).  Members who have not updated their PAN with the Company/Depository Participant are requested to use sequence number which is printed on address label/ sticker affixed on back page of the Annual Report.
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then reach directly to the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login Password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that such company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click on the EVSN (160829025) for the Company (Steelco Gujarat Limited) on which you choose to vote.
- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO", for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK" else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take print of the votes cast by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Note for Non - Individual Shareholders and Custodians.
  - Non-individual shareholders (i.e. other than individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favor of custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- Shareholder can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

Shri Devesh A. Pathak, Practicing Company Secretary (Membership No.FCS 4559), Vadodara has been appointed as Scrutinizer for conducting the e-voting process in a fair and transparent manner.



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The Scrutinizer shall, after conclusion of the voting at General meeting, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Consolidated Scrutinizer's Report of the votes cast in favor or against, not later than three days of the conclusion of the meeting. If any, forthwith to the Chairman of the Company or a person authorized by him.

The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.steelcogujarat.com](http://www.steelcogujarat.com) and on the website of CDSL [www.evoting.cdsi.com](http://www.evoting.cdsi.com) immediately after result is declared and shall be communicated to the stock exchanges, where the shares of the Company are listed.

### ANNEXURE TO NOTICE

#### EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 102 OF THE COMPANIES ACT, 2013, TO THE ACCOMPANYING NOTICE DATED 12TH AUGUST, 2016.

##### Item No. 5

#### TO APPROVE SALE OF LAND TO STEELCO COLOUR COATING LIMITED

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings between the related parties of the Company. The Board considered and approved the sale of excess land admeasuring of about 40470.9893 sq. mtrs at a consideration of about ₹ 15,00,00,000 (Rupees Fifteen Crores Only) to Steelco Colour Coating Limited, a related party, which was a Wholly Owned Subsidiary Company as on the date of execution of Agreement to Sell, but subsequently ceased to be subsidiary and remained a Related Party, subject to approval of the Shareholders and other statutory approvals, as may be required. The details of the same are as under:

Sr. No	Nature of transaction as per section 188 of Companies Act, 2013	Name of Directors / KMP who is related and nature of their relationship	Name of related party	Amount in ₹
1	Sales of land	Shri Mitesh H. Shah, Managing Director, by virtue of being Director in Steelco Colour Coating Limited	Steelco Colour Coating Ltd.	15,00,00,000
		Smt. Ameeta Trehan, Independent Director, by virtue of being Director in Steelco Colour Coating Limited	Steelco Colour Coating Ltd.	

In the light of provisions of the Companies Act, 2013, the Audit Committee and the Board of Directors of your Company have approved the proposed transaction that your Company may enter into with the related parties.

Your Directors recommend and seek your approval to the resolutions set out in item no. 5 of the accompanying notice by way of Special Resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives other than Shri Mitesh H. Shah and Smt. Ameeta Trehan, Independent Director shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 5 of the notice.

##### Item No. 6

#### TO APPROVE FIXATION OF REMUNERATION OF COST AUDITORS FOR THE FINANCIAL YEAR ENDING 31<sup>ST</sup> MARCH, 2017

The Board, on the recommendation of the Audit Committee, has approved the re-appointment of M/s. A. G. Tulsian & Co., Cost Accountants, Ahmedabad, PAN ABFFA7797L, Firm Regn. No. 100629), to conduct the audit of the cost records of the Company for the financial year ending on 31<sup>st</sup> March, 2017 at a remuneration of ₹ 1.50 Lakhs plus Service Tax.

In accordance with the provisions of section 148 of the Companies Act, 2013 read with the Companies (Audit & Auditors) Rules, 2014 the remuneration payable to the cost auditors has to be ratified by the shareholders of the Company.

Accordingly, the consent of the members is sought by way of ordinary resolution as set out at item no. 6 of the notice for ratification of the remuneration payable to the cost auditors for the financial year ending 31<sup>st</sup> March, 2017.

Your Directors recommend and seek your approval to the resolutions set out in item no. 6 of the accompanying notice by way of ordinary resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 6 of the notice.

##### Item No.7

#### TO APPROVE OFFER, ISSUANCE AND ALLOTMENT UP TO 6% NEW 3,00,00,000 REDEEMABLE CUMULATIVE NON-CONVERTIBLE PREFERENCE SHARES, EACH OF ₹ 10/- TO SPICA BUSINESS CORP, PANAMA

In view of cash flow crunch and difficulties being faced by the Company in working capital management and considering proposed capex it was in-principally approved by the Board for infusion of funds upto ₹ 30.00 crores against issue and allotment of preference share capital to help the Company in betterment of its working capital / capex.

Accordingly, it is proposed to offer, issue and allot 6% new 3,00,00,000 Redeemable Cumulative Non-Convertible Preference Shares each of ₹ 10 to SPICA Business Corp, Panama, subject to approval of requisite regulatory authorities including shareholders and to authorize the officials of the Company to take necessary action for implementation of the same. Spica Business Corp, Panama is a holding Company of Spica Investments Limited, Mauritius, which is holding Company of Steelco Gujarat Limited.

Accordingly, the consent of the members is sought for passing a Special Resolution as set out at item no. 7 of the notice.

Your Directors recommend and seek your approval to the resolutions set out in item no. 7 of the accompanying notice by way of special resolution.

None of the Directors / Key Managerial Personnel of the Company / their relatives, except Shri Rashmi Chandaria and Shri Vimal Chandaria shall be deemed to be concerned or interested, financially or otherwise, in the resolution set out at item no. 7 of the notice.

By order of the Board,  
For Steelco Gujarat Limited

Place : Mumbai  
Date : 12<sup>th</sup> August, 2016  
CIN : L27110GJ1989PLC011748

Achal Thakkar  
Company Secretary


**BOARD'S REPORT**

To  
The Members,

Your Directors are pleased to present the Twenty Sixth Annual Report of your Company together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2016.

**1. FINANCIAL HIGHLIGHTS**

	(₹ in Lakhs)	
	Current Year Ended 31.03.16	Previous Year Ended 31.03.15
Sales / Other Income (Net of Excise Duty)	51,053.46	57,421.51
Profit before Depreciation & Interest	2,449.31	1,256.62
(Less) : Depreciation	(254.92)	(299.14)
Profit / Loss before interest & financial charges	2,194.39	957.48
(Less) : Interest & financial charges	(2,095.76)	(2,139.68)
Profit / (Loss) after interest & financial charges	98.63	(1,182.20)
Add : Excess provision written back	0	868.85
Net profit / (loss) before tax	98.63	(313.35)
(Less) : Tax	0	0
Net profit / (loss) after tax	98.63	(313.35)

**2. DIVIDEND**

Your Directors do not recommend any dividend on the equity shares of the Company in view of carried forward losses.

**3. REVIEW OF OPERATIONS & PERFORMANCE**

The overall sales during FY 2015-16 stood at 104,052 MT, increased by 17.8% over FY 2014-15 (88,292 MT). However, in terms of revenue, it has decreased by 11% from ₹ 574.21 crores to ₹ 510.53 crores, due to reduction in steel prices (from USD 550 /MT to USD 390 / MT). Further, the Company achieved Cash Profit of ₹ 3.53 crores as compared to Cash Loss of ₹ 8.83 crores of FY 2014-15.

The Steel Industry has been impacted very adversely during the year and the major challenges faced on ramping up volumes to planned levels were mainly on account of the below factors:

- Ø Cheap imports, Dumping from China and highly competitiveness from China with supply of material in other parts of the world;
- Ø pressure in margins to sustain Global Competition due to sluggish market condition;
- Ø Continuous and drastic reduction in HRC Prices during the year. (Which started improving after implementation of MIP from Feb' 16);
- Ø Discontinuance of Open Access Power;
- Ø Currency rate fluctuations/rupee depreciation;
- Ø Poor monsoon;
- Ø Slowdown in Market leading to higher cost and lower realization of sales value;
- Ø Low order book upto Q3 FY 2015-16.

However, after the initiatives taken by the Ministry of Steel for curbing of import of steel from China and FTA Countries, a safeguard & MIP were put in place and the situation started improving from last quarter of FY 2015-16. The Company was

able to achieve dreamed volume of 10000 plus MT from Dec'15 onwards and have achieved Highest Ever Sales Volume since inception of the Company of approx. 15000 MT during March 2016. During Q4 of FY 2015-16, total revenue ₹ 155.72 crores (35410 MT), EBITDA of ₹ 3.18 crores and Operation Net Profit of ₹ 0.50 crores and total Net Profit of ₹ 15.38 crores (with sale of land of ₹ 14.88 crores). Resultantly, there is an improvement in our volumes by 61% in Q4 2015-16 as compared to Q3 2015-16 with net profit from operations.

Although there are challenges going forward in FY 2016-17, the outlook of the Company is quite optimistic in view of the following:

- Ø Implementation of MIP and the measures taken by the Government of India towards growth of domestic steel industries and especially for downstream products;
- Ø Strategies & markets with upcoming economy;
  - Started focusing in South East Asia Market (Indonesia, Vietnam, Philippines) for CRFH & Galvanized product;
  - Focused Sri Lanka / Myanmar for Galvanized product;
  - To overcome Chinese competitiveness, started supplying into the Latin American Galvanized markets (Peru, Chili, Columbia);
  - Made significance presence in Ethiopian Market;
  - Started focusing on Gal & CRFH domestic market, other than current CRCA market;
- Ø With our presence started / to be started in new Export markets/areas including South East Asia Market, Latin American markets, Ethiopian markets with flexibility in the product mix with better margins, expansion in export business with better contribution is expected;
- Ø Considering commissioning of color coated line by Oct-16 product will be initially launched in Gujarat/Kerala/Assam/J&K markets and after successful launching & establishing it in local market, export market will be tapped;
- Ø Healthy outlook from order point of view.

The Company has been able to keep its Net worth positive as on 31<sup>st</sup> March 2016 with improved performance and with the sale of Land (Subject to NOC from GIDC & Lenders). We are confident that Net Worth will remain Positive in coming times, with better future prospectus and implementation of capex plan.

**4. PERFORMANCE OF SUBSIDIARY COMPANY**

The Company had its wholly owned subsidiary viz, Steelco Colour Coating Ltd., ('SCCL') (CIN U27310GJ2015PLC082627), incorporated in March 2015, which has yet not commenced its business. However, as at the end of 31<sup>st</sup> March 2016, SCCL ceased to be subsidiary of the Company in view of further allotment of Equity Shares of ₹ 10 each by it to M/s. Metchem Singapore Pte. Ltd.

**5. BOARD OF DIRECTORS**

During the year under review, Dr. R. S. Mamak completed his tenure as Executive Vice Chairman as on 13<sup>th</sup> August, 2015 and accordingly, w.e.f. 14<sup>th</sup> August, 2015, he has been re-designated as Non-Executive Vice Chairman.

Smt. Ameeta Trehan had been appointed as an Additional Director of the Company w.e.f. 16<sup>th</sup> May, 2015 to hold the office upto the 25<sup>th</sup> Annual General Meeting and at the 25<sup>th</sup> Annual General Meeting





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held on 30<sup>th</sup> September, 2015, she was appointed as a Director (Independent Woman Director).

As per the provisions of the new Companies Act, 2013 with regard to Sections 149 and 152 and to comply with the provisions of the said Sections, Shri Mitesh H. Shah, Managing Director of the company's terms of appointment is changed to subject to retirement by rotation instead of not subject to retire by rotation by the Board of Directors.

The Independent Directors on the Board of the Company as on date are Shri J. Mehra, Shri Mahendra Lodha, Shri S. S. Ranjan & Smt. Ameeta Trehan (Woman Director) and the Company has received confirmation / declarations from the Independent Directors of the Company under Section 149(6) of the Companies Act, 2013 and applicable provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

### 6. KEY MANAGERIAL PERSONNEL

During the year under review, the details of Key Managerial Personnel are as under:

Sr. No	Name of person	Designation
1	Dr. R. S. Mamak	Executive Vice Chairman (upto 13.08.2015)
2	Shri Mitesh H. Shah	Managing Director
3	Shri Abhishek Jajoo	Chief Financial Officer (w.e.f. 06/11/2015)
4	Shri Achal Thakkar	Company Secretary (w.e.f. 29/08/2015)
5	Shri Sunil Singhvi	Chief Financial Officer (upto 23/10/2015)
6	Shri Arvind Tambi	Company Secretary (upto 28/08/2015)

### 7. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Clause 49 of the listing agreement, as may be applicable, a structured questionnaire was prepared after taking into consideration of the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of specific duties, obligations and governance. Respective member of the Board does not participate in the discussion of his / her evaluation. The Board of Directors expressed their satisfaction with the evaluation process.

### 8. NUMBER OF MEETINGS OF THE BOARD

The Company has complied with the provisions for holding Board Meetings and the gap between any two meetings did not exceed 120 days. Five meetings (including one adjourned meeting) of the Board of Directors of the Company were held during the year under review on 16/05/2015, 28/05/2015 (adjourned), 13/08/2015, 06/11/2015 & 05/02/2016.

### 9. WHISTLE BLOWER POLICY / VIGIL MECHANISM

The Company has a Whistle Blower Policy pursuant to Section 177 of the Companies Act, 2013 and the rules made thereunder and applicable provisions of the listing agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, to report genuine concerns of Directors and Employees. The Policy has been posted on website of the Company, [www.steelcogujarat.com](http://www.steelcogujarat.com).

### 10. NOMINATION AND REMUNERATION POLICY

The Policy of the Company has been framed on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a Director and

remuneration of Key Managerial Personnel and other employees of the Company pursuant to Sub-section (3) of Section 178 and Regulation 19 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The details of this policy have been elaborated in the Corporate Governance Report. The Policy has been posted on website of the Company, [www.steelcogujarat.com](http://www.steelcogujarat.com).

### 11. CORPORATE GOVERNANCE

Your Company is compliant of all mandatory requirements pursuant to Clause 49 of Listing Agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. A separate report on Corporate Governance as stipulated by Regulation 72 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, along with the required certificate from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by the said Regulations is given in Annexure - 3.

### 12. MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is given in Annexure - 4.

### 13. RELATED PARTY TRANSACTIONS

All transactions entered with related parties during the year under review were on arms length basis and in ordinary course of business and that the provisions of Section 188 of the Companies Act, 2013 are not attracted. The related party transaction entered into with the Steelco Colour Coating Limited, the then Wholly Owned Subsidiary Company, for sale of partial land of the Company, approval of the Audit Committee and Board has been obtained and shareholders' approval is sought at the ensuing Annual General Meeting. Further, there is no material related party transaction during the year under review with the promoters, directors or key managerial personnel.

### 14. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of the knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134(4) (c) of the Companies Act, 2013:

- That in preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2016, the applicable accounting standards read with requirements set out under Schedule III have been followed along with proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2016 and of the loss of the Company for the year ended on that date;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other regularities;
- The annual accounts have been prepared on a 'Going Concern' basis;
- That the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively, and



- vi. That the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

## 15. STATUTORY AUDITORS

The present statutory auditors M/s Mukesh M. Shah & Co., Chartered Accountants, Ahmedabad, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received consent and requisite certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under Section 141 of the Companies Act, 2013, confirming their eligibility for re-appointment as Auditors of the Company.

## 16. COST AUDITORS

Your Directors have appointed M/s A. G. Tulsian & Co., Cost Accountants, Ahmedabad, as Cost Auditors in compliance with the Companies (Cost Accounting Records) Rules, 2011. The Cost Auditors have filed the Cost Audit Report for the financial year ended 31<sup>st</sup> March, 2015 within the due date.

Pursuant to provisions of section 148 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, the Board on the recommendation of the Audit Committee, has approved the appointment of M/s A. G. Tulsian & Co., Cost Accountants, Ahmedabad as the Cost Auditors and remuneration payable to them, to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2017. The Company has received a letter from M/s A. G. Tulsian & Co., Cost Accountants, Ahmedabad showing their willingness to be appointed as Cost Auditors, certifying that they are not disqualified under section 148(5) read with section 141(3) of the Companies Act, 2013.

## 17. SECRETARIAL AUDITOR

The Company has received consent and requisite certificate from M/s. Devesh Vimal & Co., Practising Company Secretaries, Vadodara, present Secretarial Auditors, to the effect that their re-appointment, if made, would be within the prescribed limit, confirming their eligibility for re-appointment as Auditors of the Company. Accordingly, M/s. Devesh Vimal & Co. has been re-appointed to act as Secretarial Auditors of the Company for the FY 2016-17.

## 18. OBSERVATION OF STATUTORY AUDITORS' REPORT AND SECRETARIAL AUDIT REPORT

Note No. 35 relating to preparation of financial statement on Going Concern basis, in spite of accumulated losses and their impact on net worth, is self-explanatory as regards the observation made by the Statutory Auditors in their report.

In Secretarial Audit Report Observations, as regards

- observation (a) relating to order of SEBI for non-compliance / delayed compliance of Minimum Public Shareholding, please refer to clause IX, para 3 of Corporate Governance Report, which is self-explanatory.
- observation (b) relating to order of Collector and Additional Superintendent of Stamps, Gujarat State, Gandhinagar regarding recovery of deficient stamp duty, the Company is in process of making payment against the said order as per the decision of the the Board of Directors of the Company.

## 19. POTENTIAL SICK COMPANY

The Company had become potentially sick company within the meaning of Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), as the accumulated losses of the Company as at 31<sup>st</sup> March, 2015 have resulted in to erosion of

more than 50 % of the its peak net worth, during the immediately preceding four financial years and therefore, the Board of Directors at its meeting held on 28<sup>th</sup> May, 2015, formed an opinion to report to the Board for Industrial and Financial Reconstruction.

Accordingly, the fact under Section 23 of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) was reported to the shareholders of the Company at the Annual General Meeting held on 30<sup>th</sup> September, 2015 and to Board for Industrial and Financial Reconstruction in November 2015.

## 20. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the rules made thereunder, the Company has appointed M/s. Devesh Vimal & Co. Practising Company Secretaries, Vadodara to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is included as Annexure –5 and forms an integral part of this report.

## 21. EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT-9, as required under section 92 of the Companies Act, 2013 is included in this Report as Annexure – 6 and forms an integral part of this report.

## 22. INTERNAL FINANCIAL CONTROLS

The Company has appointed M/s. CNK & Associates LLP, Chartered Accountants, to report on adequacy and effectiveness of internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable weakness in the design or operation was observed by them. The Statutory Auditors have opined that the Company has, in all material respects, internal financial controls over financial reporting, which is required to be strengthened further and its operative effectiveness requires improvement.

## 23. ENVIRONMENT & SAFETY

The Company is conscious of the importance of environmentally clean and safe operations. The Company's policy requires conduct of operations in such a manner so as to ensure safety of all concerned compliances environmental requirement regulations and preservation of natural resources.

The Company has been awarded Gold Safety Award 2016 from Greentech Foundation, New Delhi at their Annual Award Function for outstanding achievements in Safety Management.

## 24. ANTI-SEXUAL HARASSMENT POLICY

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year under review, there were no cases filed pursuant to the Sexual Harassment of Women under Workplace (Prevention Prohibition and Redressal) Act, 2013.

## 25. HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has structured induction process and management development programs to upgrade skills of managers. Objective appraisal systems based on Key Result Areas (KRAs) are in place for senior management staff. The Company is committed to nurturing, enhancing and retaining top talent through superior learning & organizational development.


**26. CREDIT RATING**

During the year under review, the Company has got its rating renewed by an independent credit rating agency M/s Brickwork Ratings India Pvt. Ltd. and the ratings awarded were same as earlier, i.e. BWR 'B' in respect of long term debts and BWR 'A4' in respect of Short term Debts.

**27. DISCLOSURE OF PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The disclosure of particulars relating to conservation of energy and technology absorption and foreign exchange earnings and outgo as required by Section 134 of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given in Annexure - 1.

**28. CORPORATE SOCIAL RESPONSIBILITY**

Considering the losses and exposure, the CSR requirements are not applicable to your Company; hence, the Company has not framed Corporate Social Responsibility (CSR) Policy.

**29. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES**

In terms of the provisions of Section 197 (12) of the Act read with Rules 5(1), 5(2) and Rules 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees and the Disclosure pertaining to remuneration and other details are set out in Annexure – II to the Board's Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act and as advised, the Annual Report excluding the aforesaid information is being sent to the members of the Company. The said information is available for inspection at the registered office of the Company during working hours and any member interested in obtaining such information may write to the Company Secretary and the same will be furnished on request.

None of the employees listed in the said Annexure - II is a relative of any Director of the Company. None of the employees hold (by himself or alongwith his / her spouse and dependent children) more than two percent of the equity shares of the Company.

**30. GENERAL DISCLOSURES**

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Chapter V of the Act.
- Details of remained, unpaid or unclaimed dividend at the end of year.
- Issue of equity shares with differential right as to dividend, voting or otherwise.
- Issue of shares (including Sweat Equity Shares) to employees of the Company under any scheme.
- Neither the Managing Director nor the Whole Time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
- No significant or material orders passed by the Regulators or Courts or Tribunals, which impact the going concern status and Company's operations in future.

**31. ACKNOWLEDGEMENT**

Your Directors take this opportunity to express their appreciation for the co-operation and assistance received from the Government of India, Government of Gujarat, Financial Institution, the Company's Bankers, Electricity Companies, Palej Gram Panchayat, other Government Agencies, Customers, Suppliers and Investors. Your Directors express gratitude to the investors for their confidence reposed in the Company and Co-operation, and especially to the employees for their dedicated service and support.

**32. CAUTIONARY STATEMENT**

Statement in the Board's Report and Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'Forward Looking Statements' within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that may make difference to the Company's operations include raw material availability and its prices, cyclic demand and the pricing in the Company's principal markets, changes in government policies, regulations, tax regimes, economic developments within India and countries in which the Company conducts business.

**For and on behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 20<sup>th</sup> May, 2016**

**Jatinder Mehra**      **Mitesh H. Shah**  
**Director**      **Managing Director**





ANNEXURE - 1 TO THE BOARD'S REPORT

PARTICULARS REQUIRED UNDER SECTION 134(3) (M) OF THE COMPANIES ACT, 2013, READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014.

I. CONSERVATION OF ENERGY

Energy Conservation & Pollution measures taken: -

The Energy optimization scheme and pollution control measures are being continuously reviewed and improved as an ongoing exercise. During the period, various industrial pollution controlling measures were taken. Existing Pickling Line was upgraded with FRP Duct. Revamping of Electro Cleansing Line tank was made. New Fume Exhaust Blower was commissioned as Pollution Control measures. The Company is also meeting the requirements of local Pollution Control Board.

FORM A: The required data with respect to total energy consumption and energy consumption per unit of production is furnished below:

A. Power and Fuel Consumption -

	Current Year ended 31.03.2016	Previous Year ended 31.03.2015
<b>1 ELECTRICITY</b>		
(a) Purchased (Units in '000 KWH)	28,275.39	26,103.02
Total Amount (₹ in Lakhs)	2,355.21	2,091.91
Rate/Unit (₹)	8.33	8.01
(b) Own generation (through Diesel Generator)		
Units (KWH)	-	-
Units per Ltr. of Fuel	-	-
Cost/Unit (₹)	-	-
<b>2 LIGHT DIESEL OIL / HIGH SPEED DIESEL</b>		
Quantity (Ltrs.)	174,211	82,933
Total Cost (₹ in Lakhs)	89.13	46.95
Rate / Unit per Ltr (₹)	51.16	56.61
<b>3 CNG</b>		
Quantity (SCM)	29,71,826	29,36,707
Total (₹ in Lakhs)	945.42	1,191.21
Rate / Unit (₹)	31.81	40.56

B. Consumption per Unit of Production -

PRODUCT	Current Year ended 31.03.2016	Previous Year ended 31.03.2015
<b>Cold Rolled (Steel) Coils / Sheets &amp; GP/GC Coils / Sheets</b>		
<b>ELECTRICITY (Units/PMT)</b>		
CR Coils / Sheets	263.26	290.26
GP / GC Coils	36.32	36.33
<b>Total (LDO+CNG) (Ltrs/PMT)</b>		
CR Coils / Sheets	17.10	21.57
GP / GC Coils / Sheets	28.71	26.64

II TECHNOLOGY ABSORPTION

Research & Development :

The Company does not have any in-house Research and Development Department.

Technology absorption, adaptation and innovation :

- (1) Air Knife-Jet which was imported from China, put in operation at CGL-2 to control the Zinc coating of Galvanized coils.
- (2) Zn kettle which sometimes used to fail in six months in previous years during operation in Galvanizing line, in this year of 2015-2016 life of Zn kettle has increased upto two years which has resulted in more production, saved time loss & cost of Zn kettle.
- (3) Product license: BIS License for IS 513:2008 for CRCA -domestic market was applied and inspected successfully by BIS inspector, license to be issued shortly.
- (4) In process of developing new market for CRFH with 0.08 mm thickness.
- (5) Innovated new areas of markets successfully as well as flexibility in product mix.
- (6) Overall improvement in efficiency plant operations.

III FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports, Initiatives to increase Exports, Development of new Export Markets for Products and Services and Export Plans:

The Company is exporting a large quantity of its Cold Rolled and Galvanized Products and has achieved a significant presence in the Global market as its products have been well accepted.

2. Total Foreign Exchange Earned and Expended:	(₹ in Lakhs)	
	Current Year ended 31.03.2016	Previous Year ended 31.03.2015
a. Earnings	26,453.41	26,959.36
b. Expenditure	18,448.86	12,396.23

Place : Mumbai  
Date : 20<sup>th</sup> May, 2016

For and on behalf of the Board of Directors  
Jatinder Mehra  
Director  
Mitesh H. Shah  
Managing Director



**ANNEXURE - 3 TO THE BOARDS' REPORT  
CORPORATE GOVERNANCE REPORT**

**I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of all the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management.

Your Company believes that for its sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good Corporate Governance, which is a key driver of sustainable corporate growth and long-term value creation for its shareholders.

Above all, Corporate Governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and rationale behind such decisions, which in turn improves confidence of all stakeholders.

**II. GOVERNANCE STRUCTURE**

The corporate governance structure of Steelco Gujarat Limited is as follows:

**The Board of Directors:** The Board is entrusted with the ultimate responsibility of the management, directions and performance of the Company. As its primary role is fiduciary in nature, the Board provides leadership, strategic, guidance, objective and independent view to the Company's management and adheres to ethics, transparency and disclosure.

**Committees of the Board:** The Board has constituted all the mandatory committees viz, Audit Committee, Nomination & Remuneration Committee as well as Stakeholders Relationship Committee. Each of the said committee has been mandated to operate within a given framework.

**III. BOARD OF DIRECTORS**

- **Composition :** The Board has optimum combination of Executive and Non-Executive Directors. The composition of the Board as on 31<sup>st</sup> March, 2016 was as under:

Category of Directors	No. of Directors
➤ Promoters, Non-Executive	2
➤ Non-Promoter Executive	1
➤ Non-Promoter - Non Executive	1
➤ Non-Executive Independent	4
➤ Nominee Director	1

➤ **Meetings and Attendance:**

During the year from 1<sup>st</sup> April, 2015 to 31<sup>st</sup> March, 2016, the Board met 5 (Five) times, i.e. 16/05/2015, 28/05/2015 (adjourned meeting), 13/08/2015, 06/11/2015 and 05/02/2016. Attendance of Directors at the Meeting of the Board of Directors (BOD) held during the financial year 2015-2016 and Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2015 are as follows:

Category	Name of Directors	No. of Board Meetings attended	Whether attended AGM held on 30.09.2015	*No. of Directorships in other Companies		**No. of Committee Memberships in other Companies	
				Chairman of the Board/MD	Board Members	Chairman of the Committee	Member
Promoter:							
- Executive Director	—	—	—	—	—	—	—
- Non-Executive Director	Shri Rashmi Chandaria	4	No	—	1	—	—
	Shri Vimal Chandaria	4	No	—	—	—	—
Non Promoter Executive/ Non- Executive Director(s)							
- Non-Executive Vice Chairman	Dr. R.S. Mamak***	5	Yes	—	—	—	—
- Managing Director	Shri M H Shah	5	Yes	—	1	—	—
Independent Non-Executive Director(s):	Shri J. Mehra	5	No	—	12	—	2
	Shri M. Lodha	5	No	—	7	2	2
	Shri S. S. Ranjan	5	No	—	—	—	—
	Smt. Ameeta Trehan	3	—	—	2	—	—
Nominee Director(s):	Shri Jiban Goswami	4	No	—	—	—	—

\* Directorship in private companies, foreign companies and associates are excluded.

\*\* Represents Membership / Chairmanships of Audit Committee and Shareholders' / Investors' Grievance Committee only.

\*\*\* Appointed as Non-Executive Vice Chairman w. e. f. 14<sup>th</sup> August, 2015, from Executive Vice Chairman.





#### IV. AUDIT COMMITTEE

##### ➤ Terms of reference

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committees under Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013.

##### ➤ Composition and Attendance :

As on 31<sup>st</sup> March, 2016, the Audit Committee consists of four Non-Executive Directors as under:

Name of Director	Composition as on 31 <sup>st</sup> March, 2016	No. of Meetings held	No. of Meetings attended
Shri Mahendra Lodha	Chairman	5	5
Shri J. Mehra	Member	5	5
Shri S S Ranjan	Member	5	5
Shri Jiban Goswami	Member	5	4

All the members of the Audit Committee are having financial and accounting knowledge. The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The other Board members also attended the Audit committee meetings as invitees. The Company Secretary acts as the Secretary to the Audit Committee.

#### V. NOMINATION AND REMUNERATION COMMITTEE

##### ➤ Terms of reference and Remuneration Policy

The terms of reference of the Nomination and Remuneration Committee include the matters as specified under Section 178 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms includes mainly formulation of the criteria for determining qualifications, positive attributes and independence of a director as also to recommend to the Board, a policy relating to the remuneration for the Directors, Key Managerial Personnel and other Employees.

##### ➤ Composition and Attendance:

Nomination & Remuneration Committee consists of three Non-Executive Independent Directors are as under:

Name of Director	Composition as on 31 <sup>st</sup> March, 2016	No. of Meetings held	No. of Meetings attended
Shri Mahendra Lodha	Chairman	1	1
Shri J. Mehra	Member	1	1
Shri S S Ranjan	Member	1	1

#### REMUNERATION POLICY:

The Company has a credible and transparent policy in determining and accounting for the remuneration of Directors, Key Managerial Personnel & Employees of the Company and has been posted on its website [www.steelcogujarat.com](http://www.steelcogujarat.com).

##### A. Remuneration to Non-Executive Directors

The Non-Executive Directors are not paid any remuneration except payment of sitting fees. The Non-Executive Directors are paid sitting fees for each meeting of the Board or Committee of Directors attended by them, as approved by the Board of Directors from time to time. The total amount of sitting fees for the Financial Year 2015-16 was ₹ 25.16 Lakhs (excluding arrears of sitting fees for the FY 2014-15 amounting to ₹ 11.40 lakhs which were paid during FY 2015-16). The Non-Executive Directors do not have any material pecuniary relationship or transactions with the Company.

##### B. Remuneration to Executive Directors

The appointment and remuneration of Executive Directors including Vice Chairman and Managing Directors is governed by the recommendation of the Nomination and Remuneration Committee, resolution passed by the Board of Directors and Shareholders of the Company and approval of Central Government, wherever required. The remuneration package of Executive Vice Chairman and Managing Director comprises of salary, perquisites, allowances and contributions to provident and other retirement benefit funds. Annual Bonus is linked to the performance and is recommended by the Nomination and Remuneration Committee and then approved by the Board.

Presently, the Company does not have a scheme for grant of stock option or performance linked incentives for its directors.

#### DETAILS OF SITTING FEES/REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDED 2015-16.

##### (a) NON-EXECUTIVE DIRECTORS

Name of the Non-Executive Directors	Sitting Fees (₹)	Remuneration (₹)
1 Shri Dr. R. S. Mamak	1,60,000	-
2 Shri Rashmikant Chandaria	60,000	-
3 Shri Vimal Chandaria	60,000	-
4 Shri J. Mehra	5,03,000	-
5 Shri Mahendra Lodha	5,10,000	-
6 Shri S. S. Ranjan	5,03,000	-
7 Shri Jiban Goswami	4,00,000	-
8 Smt. Ameeta Trehan	3,20,000	-
<b>Total</b>	<b>25,16,000</b>	

**STEELCO GUJARAT LIMITED****\*\* ARREARS OF FEES FOR F.Y. 2014-2015**

The arrears of Sitting fees of 2014-15, have been paid during FY 2015-16 (not included above) are - Dr. R. S. Mamak- ₹ 1.20 lakhs, Shri Mahendra Lodha- ₹ 1.80 lakhs Shri J. Mehra- ₹ 2.40 lakhs, Shri S. S. Ranjan- ₹ 3.00 lakhs & Shri Jiban Goswami- ₹ 3.00 lakhs.

**(b) EXECUTIVE DIRECTORS****Remuneration to Executive Directors**

The break-up of the remuneration paid to the Executive Directors during the period ended on 31<sup>st</sup> March 2016 is as under: (₹ in lakhs)

Particulars	Shri Mitesh H. Shah (Managing Director)	Dr. R. S. Mamak (Executive Director upto 14.08.2015 )
Salary (₹)	70.02	11.19
Retiral Benefits	18.91	0.00
Other Benefits & Allowances	40.25	0.00

Notes:

1. Remuneration to Dr. R.S. Mamak is for part of the year.
2. Applications made to Ministry of Corporate Affairs, Govt. of India, are approved for each of above directors. However for the Managing Director the approval from Central Government (Ministry of Corporate Affairs) received in the end of financial year is for lesser amount. Therefore, the Company has initiated process of recovery of excess remuneration of ₹ 21.06 lakhs (₹ 19.06 lakhs for FY 2015-16 and ₹ 2.00 lakhs for FY2014-15) being the difference between remuneration sanctioned by the shareholders of the Company (and paid) and the remuneration sanctioned by the Central Government. The same has been appropriately recorded and disclosed in financial statements.

**Information of Director's Shareholding as on 31<sup>st</sup> March, 2016:**

Name of Directors	Designation	No. of Shares Held
Dr. R.S. Mamak	Non-Executive Vice Chairman	4,100

**VI. STAKEHOLDERS RELATIONSHIP COMMITTEE****Composition and Attendance:**

This Committee comprises of three Directors. The table below highlights the composition and attendance of the Members of the Committee.

Name of Director	Composition as on 31 <sup>st</sup> March, 2016	No. of Meetings held	No. of Meetings attended
Shri Mahendra Lodha	Chairman	1	1
Dr. R.S. Mamak	Member	1	1
Shri Mitesh H. Shah	Member	1	1

The Company Secretary & Compliance Officer acts as a Secretary to the Committee.

**Terms of Reference :**

The Company has authorized its Registrar and Transfer Agent, M/s. Link Intime India Private Limited, for taking necessary action to the investors' requests / complaints like, share Transfer/ Transmission / Transposition/ issue of duplicate share certificates in lieu of lost/misplaced/ worn out and such other activities related to shares.

The Committee is looking after the Shareholders' Relationship / Investors' Grievance and Redressal of investors' / shareholders' major complaints, if required.

The secretarial department of the Company and the Registrar and Share Transfer Agent, Link Intime India Private Limited attend to all grievances of the shareholders received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, etc. the minutes of the Stakeholders Relationship / Investors Grievance Committee meeting are circulated to the Board and noted by the Board of Directors of the Board Meetings. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. Shareholders are requested to furnish and update their telephone numbers, address and e-mail address to facilitate prompt action.

**Status of Investor Complaints as on 31<sup>st</sup> March, 2016 and reported under regulation 13 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and / or Listing Agreement, as may be applicable, are as under:**

**Total 10 numbers of complaints received** and addressed to the shareholders during the year ended on 31<sup>st</sup> March, 2016. **There was no Complaint outstanding as on 31<sup>st</sup> March, 2016.** The number of pending share transfer and pending requests for dematerialization as on 31<sup>st</sup> March, 2016 were nil. Shareholders' / Investors' complaints and other correspondence are normally attended to within seven working days except where constrained by disputes or legal impediments. No investor grievances remained unattended / pending for more than 30 days as on 31<sup>st</sup> March, 2016.

**VII. SEPARATE MEETING OF INDEPENDENT DIRECTORS'**

The Independent Directors of the Company had separately met during the year on 5<sup>th</sup> February, 2016 to review the performance of non independent directors and the Board as a whole, to review the performance of the Chairperson of the Company, and to assess the efficiency of flow of information between the management and the Board.

All the Independent Directors were present at this meeting.

**VIII. SUBSIDIARY COMPANY**

The Company had its wholly owned subsidiary viz, M/s. Steelco Colour Coating Limited, ('SCCL') (CIN U27310GJ2015PLC082627), incorporated in March 2015, which has yet not commenced its business. However, as at the end of 31<sup>st</sup> March 2016, SCCL ceased to be subsidiary of the Company, in view of further allotment of equity shares of ₹ 10 each by it to M/s. Metchem Singapore Pte Ltd.




**IX. MEANS OF COMMUNICATION**

- Ø The quarterly financial results of the Company are forwarded to the Stock Exchanges immediately on approval by the Board of Directors and are also published in widely circulated national English Daily and local Gujarati Daily.
- Ø The financial results, official news releases and presentation made to institutional investors, if any, are also displayed on the Company's website [www.steelcogujarat.com](http://www.steelcogujarat.com).
- Ø Management Discussion and Analysis forms part of the Annual Report.

**X. GENERAL SHAREHOLDER INFORMATION**
**ANNUAL GENERAL MEETINGS**

The last three Annual General Meetings (AGMs) of the Company were held at the Registered Office of the Company at Plot No. 2, GIDC Estate, Palej – 392 220, Dist. Bharuch, Gujarat, as detailed below:

Financial Year	Date	Day	Time	Special Resolution
2012 - 2013	17 <sup>th</sup> August, 2013	Saturday	3:30 P.M.	2
2013 - 2014	26 <sup>th</sup> September, 2014	Friday	3:30 P.M.	5
2014 - 2015	30 <sup>th</sup> September, 2015	Wednesday	2:30 P.M.	1

**Annual General Meeting for the year 2015-16**

Day & Time	: Friday, 30 <sup>th</sup> September, 2016 at 3:30 p.m.
Venue	: Registered Office : Plot No.2, GIDC Estate, Palej, Dist.- Bharuch
Book Closure Date	: 24 <sup>th</sup> September, 2016 to 30 <sup>th</sup> September, 2016 (both days are inclusive)
Cut off / Record Date	: 23 <sup>rd</sup> September, 2016

The Company has been listed on BSE Limited and Vadodara Stock Exchange Limited at the starting of the financial year and has paid Annual Listing Fees for financial year 2015-16 for both the said Stock Exchanges. For financial year 2016-17, due to exit order passed by SEBI, the Company got delisted with Vadodara Stock Exchange Limited and hence, the Company has paid Annual listing Fees to BSE Limited only for financial year 2016-17.

**Tentative Calender for Financial year ending on 31<sup>st</sup> March, 2017**

Audited Annual Results for the year ended 31 <sup>st</sup> March, 2016.	On 20 <sup>th</sup> May, 2016
Unaudited First Quarter Results	On 12 <sup>th</sup> August, 2016
Unaudited Second Quarter Results	By 14 <sup>th</sup> November, 2016
Unaudited Third Quarter Results	By 14 <sup>th</sup> February, 2017
Audited Annual Results	By 30 <sup>th</sup> May, 2017

**BSE Stock code:**

Scrip code: 500399 & Scrip – STEELCO

**Dematerialisation of Shares & Liquidity**

95.80 % of the equity shares of the Company have been dematerialised (NSDL -6.62% and CDSL- 89.18%) as on 31<sup>st</sup> March, 2016. The Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), where by shareholders have an option to dematerialise their shares with either of the Depositories.

**Reconciliation of Share Capital Audit Report**

As stipulated by SEBI Regulations in this regards, a qualified Practicing Company Secretary Carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited and total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchange(s) where the shares of the Company are listed. The audit confirms the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL & CDSL) and total number of shares in physical form.

**Details of the Directors seeking appointment / reappointment at the forthcoming Annual General Meeting**

Name of Director	Shri Vimal Chandaria	Shri Jiban Goswami
Date of Birth	18/08/1957	23/11/1951
Date of Appointment	15/11/2013	16/08/2013
Expertise	Business Management	Finance & Accounting
Qualification	Graduate in Business Management	B.SE (Physics) Hons.
List of public companies in which outside directorship held as on 31 <sup>st</sup> March, 2016*	Nil	Nil
No. of shares held	Nil	Nil

\* Directorship in private companies, foreign companies and associates are excluded.



## STEELCO GUJARAT LIMITED

### ➤ Registrar and Share Transfer Agent :

Share Transfer and all other Investor's/Shareholder's related activities are attended and processed by our Registrars and Transfer Agent (RTA). For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact our Registrar and Transfer Agent at following address:

**M/s. LINK INTIME INDIA PVT. LTD.**

(Unit: Steelco Gujarat Limited),

B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta Akota, Vadodara - 390020.  
Telephone No: 0265-2356573, 2356794 Fax : 0265-2356791, E-mail ID: [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)

### ➤ DISTRIBUTION OF SHAREHOLDING AS ON 31<sup>ST</sup> MARCH, 2016

No. of Equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1 - 500	1,30,913	98.54	27,94,963	6.57
501 - 1000	887	0.67	7,70,606	1.81
1001 - 2000	436	0.33	6,86,223	1.61
2001 - 3000	194	0.15	5,07,862	1.19
3001 - 4000	85	0.06	3,00,680	0.71
4001 - 5000	98	0.07	4,67,465	1.10
5001 - 10000	130	0.10	9,83,072	2.31
10001 & Above	115	0.09	3,60,50,951	84.70
<b>Total</b>	<b>1,32,858</b>	<b>100.00</b>	<b>4,25,61,822</b>	<b>100.00</b>

### ➤ Category of Shareholders as on 31<sup>st</sup> March, 2016:

Category of Shareholders	Total Holding	Percentage (%)
<b>Promoter (SPICA INVESTMENTS LTD.)</b>	<b>3,19,21,366</b>	<b>75.00</b>
<b>Institutional Investors</b>		
a. Mutual Funds	19,290	0.05
b. Banks, FI's, Insurance Companies	6,25,642	1.47
<b>Private Corporate Bodies</b>	<b>5,89,060</b>	<b>1.38</b>
NRI's / OCBs (other than Promoter Group)	32,373	0.08
Indian Public	9,374,091	22.02
<b>Total</b>	<b>4,25,61,822</b>	<b>100.00</b>

### ➤ Stock Market Price Data :

High and Low of market the stock price of the Company's equity shares traded on BSE Ltd (BSE) during the last financial year was as follows:

Month	Steelco Share price		BSE SENSEX	
	High	Low	High	Low
April - 15	5.98	4.64	29094.61	26897.54
May - 15	5.42	4.00	28071.16	26423.99
Jun-2015	5.30	4.00	27968.75	26307.07
Jul-2015	6.48	4.20	28578.33	27416.39
Aug-2015	7.60	4.60	28417.59	25298.42
Sep-2015	5.30	4.20	26471.82	24833.54
Oct-2015	5.43	3.85	27618.14	26168.71
Nov-2015	5.60	4.10	26824.30	25451.42
Dec-2015	6.50	4.62	26256.42	24867.73
Jan-2016	6.48	4.55	26197.27	23839.76
Feb-2016	5.74	3.80	25002.32	22494.61
Mar-2016	5.00	3.91	25479.62	23133.18



## COMPLIANCE

In compliance with listing agreement and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 executed with the Stock Exchange(s), as applicable, the Company has obtained the certificate regarding compliance of conditions of Corporate Governance from M/s. Devesh Vimal & Co., Practicing Company Secretaries, Vadodara, which appears as a part of the Annual Report of the Company.

Shareholder's correspondence should be addressed to the Company's RTA at the address mentioned above. The Shareholders having securities in a dematerialized form should give instructions relating to change of address, nomination and / or power of attorney executed by the

Shareholders directly to their respective Depository Participant(s). Alternatively shareholders may contact us at [secretarial@steelcogujarat.com](mailto:secretarial@steelcogujarat.com).

## XI. AFFIRMATION AND OTHER DISCLOSURES

### Compliance with Governance Framework:

The Company has been in compliance with all mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, and Listing Agreement, as may be applicable.

### Related Party Transaction:

All transactions entered in to with the related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and/or clause 49 of the Listing Agreement, as may be applicable, during the financial year were in the ordinary course of business and on arms length basis and attract the provisions of Section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year. Related Party Transactions have been disclosed under the note 34 of the significant accounting policies and notes forming part of the financial statements in accordance with "Accounting Standard 18". A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis was periodically placed before the Audit Committee for review and recommendation to the Board for their approval.

As required under regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has formulated a policy on dealing with Related Party Transaction, which is posted on Company's website at [www.steelcogujarat.com](http://www.steelcogujarat.com).

None of the transactions with related parties were in conflict with the interest of the Company. All the transactions are in the ordinary course of the business and have no potential conflicts with the interest of the Company at large and are carried out on an arm's length basis or fair value.

### Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the year:

The Company has complied with all requirements of the listing agreement entered into with the Stock Exchanges as well as the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and other Regulations and Guidelines of SEBI. Consequently there were no strictures or penalties imposed by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets during the last three years. However, in case of non-compliance of Minimum Public Shareholding the Compliance was made in August 2014 after delay of 14 months, the adjudication proceedings were initiated and after adjudication, the adjudicating officer of SEBI has ordered penalty of ₹ 25 lakhs in this matter for delayed compliance. The Company has decided to proceed for appeal against the said order, considering the genuine difficulties beyond control faced, for delayed compliance and which has caused neither loss to the investors nor undue gain to the promoters.

### Whistle Blower Policy/Vigil Mechanism:

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 and Regulation 22 of SEBI (LODR) Regulations, 2015, the Company has formulated Whistle Blower Policy / Vigil Mechanism for Directors and Employees to report to the management about the unethical behaviour, fraud or violations of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of Employees and Directors who use such mechanism and makes provision for direct access to the Chairman of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee.

### Disclosure of Accounting Treatment:

In preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies, which are consistently applied, are set out in the notes to the Financial Statements.

### Non-mandatory requirements:

Adoption of non-mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are being reviewed by the Board from time to time.

## XII. DECLARATION REGARDING COMPLIANCE BY BOARD MEMEBRS AND SENIOR MANAGERIAL PERSONNEL WITH COMPANY'S CODE OF CONDUCT PURSUANT TO LISTING AGREEMENT / SEBI (LISTING OBLIGATIONS & DISCLOSURE REQUIREMENTS) REGULATIONS, 2016:

This is to confirm that all Board Members and Senior Management Personnel of the Company have complied with the code of conduct for Directors & Senior Managerial Personnel during the year ended 31<sup>st</sup> March, 2016.

## XIII. In terms of the Regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the certification by Chief Financial Officer and Managing Director of the Company on the financial statements and internal control relating to financial reporting, have been obtained by the Board of Directors.





## STEELCO GUJARAT LIMITED

### XIV. PLANT LOCATION:

The Company has one Plant which is located at :

Steelco Gujarat Limited, Plot No.2, GIDC Estate, Palej-392220, Dist. Bharuch, Gujarat.

### XV. ADDRESS FOR CORRESPONDENCE:

Steelco Gujarat Limited, Plot No.2, GIDC Estate, Palej-392220, Dist. Bharuch, Gujarat.

As per requirement of the Regulation 46(2) (j) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 with Stock Exchanges, the Company has created a dedicated email ID [secretarial@steelcogujarat.com](mailto:secretarial@steelcogujarat.com) exclusively for the purpose of registering complaints of the investors and is prominently displayed on the Company's website [www.steelcogujarat.com](http://www.steelcogujarat.com).

### XVI. COMPLIANCE OFFICER:

Shri Achal Thakkar, Company Secretary is the Compliance Officer of the Company and Secretary to all Committees of the Board, w.e.f. 29<sup>th</sup> August, 2015.

For and on behalf of the Board of Directors  
For Steelco Gujarat Limited

Place : Mumbai  
Date : 20<sup>th</sup> May, 2016

Jatinder Mehra  
Director

Mitesh H. Shah  
Managing Director

## CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
Steelco Gujarat Limited,  
Palej.

We have examined all relevant records of Steelco Gujarat Limited as made available to us for the purpose of certifying compliance of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and clause 49 of Listing Agreement, as may be applicable, of the said company with Stock Exchange in India for the financial year 2015-16.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced and explanations and information furnished to us, the Company has materially complied with all the mandatory conditions of the SEBI (Listing Obligations & Disclosure Retirements) Regulations, 2015.

For Devesh Vimal & Co.  
Practising Company Secretaries

Place : Vadodara  
Date : 20<sup>th</sup> May, 2016

CS Devesh A. Pathak  
Partner  
Membership No. FCS - 4559  
CP No. - 2306

**ANNEXURE - 4 TO BOARDS' REPORT**
**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**
**INDUSTRY STRUCTURE, DEVELOPMENTS, OPPORTUNITIES AND OUTLOOK**

The Steel Industry plays a dynamic role in the development of any modern and emerging economy. The demand for steel industry is driven mainly from industries like infrastructure, automobile, engineering, aviation, construction. The per capita consumption of steel is a normally accepted measure for socio-economic development of the people of the country. Consequently, the steel sector has been a major contributor to India's manufacturing output.

During the year, the global steel industry continues to face headwinds of weak demand and overcapacity, gradual slowdown and downward pressure on prices of energy commodities.

The global steel performance in CY 2015 is - Capacity: 2384 MnT, grew by 1.4%, Production: 1621 MnT de-grew y 2.9%, Consumption 1500 MnT de-grew by 3%.

The Indian GDP grew by 7.6% during FY 2015-16. The trade deficit reduced to US \$ 5.1 billion in March 2016, mainly as a result of reduction in net imports by 21.6%. India is among the few countries to remain resistant economy, in the sluggish phase of global slowdown. However, the Indian economy faced certain major waves like reduction in industrial produce against expected due to weak demand and lower commodity prices, severe reduction in exports due to economic global slowdown, agricultural de-growth due to poor monsoon, and increasing NPAs and stressed Assets.

The overall steel industry is passing through sluggish phase. The financial year 2015-16 witnessed certain developments like heavy fluctuations in raw material prices mainly HRC, rupee fluctuation, introduction of Minimum Import Price. During the year under review, i.e. 2015-16, India produced 89.8 MnT crude steel, increased by 0.9% over 2014-15. The Consumption of finished steel was 80.5 MnT during 2015-16, increased by 4.5% over 2014-15. The domestic steel consumption has improved to 4.2% in 2015-16 as compared to 3.1% in 2014-15. The demand has been mainly serviced through imports and majority of imports were from China at a very low price. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. The industry suffered from inflow of steel imports from certain countries mainly from China, which increased dumping their surplus steel production at very lower prices. This led to price cuts squeezing margins in overall Indian Steel Industry.

India has overlapped USA and has become the world's third-largest producer of crude steel (up from eighth in 2003) and preceded by china & USA and is expected to become the second-largest producer by 2016.

With the overall industrial growth, against GDP growth of 7.2% in 2015, THE GDP growth for year 2016 and 2017 are expected to grow by 7.3% and 7.5% respectively. The International Monetary Fund (IMF) has projected the growth rate at 3.2% for CY 2016 as compared to 3.1% in CY 2015.

The initiatives taken by the Government of India like Imposition of safeguard duty on hot rolled steel products and imposed Minimum Import Price (MIP) on various steel products, which led to increase in prices in the end of the year and Make in India' initiative which has encouraged domestic entrepreneurs to match global best practices and also attracted FDI. It is expected to help our Country by more employment and more consumers spending. The Govt. working proactively for infusion of funds in construction, infrastructure, power, automobile industry, which will ultimately drive demand in steel industry. The Steel demand is expected to rise by around 7% during 2016, with improvement in infrastructure, mining, electricity and automobile sectors.

**THREATS, RISKS AND CONCERN**

The per capita consumption of steel in India is very low in comparison to global average as well as in comparison to various other Asian economies. Eventually India has a long way to go in the consumption of steel, which is ensuring long-term growth and good prospects for the steel sector in long run.

The Indian steel industry still suffers are high cost of power and fuel, which are expected to be addressed by new Government in due course of time. Continuous capacity expansion of integrated steel manufacturer for processing value added products are resulting into increase in their market share at the cost of secondary manufactures and resulting into squeezing margins due to keen competition. To stay ahead your company continues to develop more and more value added specialized products and better product mix and geography mix to ensure its own growth.

In order to mitigate the hardship that may be faced due to increase in cost of gas, your Company has already entered into pricing contract with its Gas supplier under fluctuating pricing mechanism linked to international parameters and has also optimized other parameters considering the consumption, to have better cost control.

As a measure of cost control by saving on power cost, the Company is exploring the possibility of entering into Open Access power contracts under Mid-Term open access mechanism as well as Short-term mechanism. However, during the year, your Company could not get the benefit of power saving through open access power due to denial by Gujarat Energy Transmission Corporation Ltd as technical issues in Grid line on account of critical loading were there, except for about 1 month, which was through bilateral agreement. The Company expects to grab the advantage by going forward in the coming year.

Your company continues to have high exposure to forex due to significant export and import. The volatility of currency contributes to high risk and to minimize the impact of the same a prudent policy of necessary hedging / forward sales has been adopted to draw the balance between the forex asset and liabilities.

The Board of Directors is being informed periodically in respect of risk assessment and steps being taken by the Company.



## STEELCO GUJARAT LIMITED

### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company has made a net profit of ₹ 98.63 Lakhs on turnover of 104052 MT valuing ₹ 510.53 Lakhs against a net loss of ₹ 313 Lakhs on turnover of 88,293 MT valuing ₹ 57,422 Lakhs in the previous year. The Company has achieved cash profit of ₹ 353 Lakhs for the year ended on 31st March, 2015 as against a cash loss of ₹ 883 Lakhs in the previous year. Even though improvement in volumes and profits, your Company could not achieve the results as per the projections, due to the main factors as mentioned below:

- Ø Cheap imports, dumping from China and highly competitiveness from China with supply of material in other parts of the world
- Ø pressure in margins to sustain Global Competition due to sluggish market condition
- Ø Continuous and drastic reduction in HRC Prices during the year. (which started improving after implementation of MIP from Feb'16)
- Ø Discontinuance of Open Access Power
- Ø currency rate fluctuations/rupee depreciation
- Ø poor monsoon
- Ø slowdown in Market leading to higher cost and lower realization of sales value
- Ø Low order book upto Q3 FY 2015-16

### INTERNAL CONTROL SYSTEM AND THEIR EFFICACY

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses executing transaction with proper authorization and ensure compliance of corporate policies.

Internal Audit covering the key areas of operation and Audit on Internal Financial Control covering areas including operations having Financial Reporting impact are conducted at regular intervals. It is an independent assurance and functions responsible for evaluating and improving the effectiveness of risk management control and governance processes.

An Audit Committee consisting of three Independent Directors (four independent as of now) and one nominee director is in place. The Internal Audit Reports are placed before the Audit Committee. The Audit Committee deliberates and advises the Management on improvements/compliance and the management provides complies to the same to the said Committee.

### STATUTORY COMPLIANCES

After obtaining confirmation from the various departments of the Company in respect of compliance with all the statutory requirements, a declaration regarding compliance of the provisions of various statutes is made by the Managing Director at each Board Meeting and deviations, if any, are brought to the notice of Directors with reasons and remedial measures taken to comply with the same. The Company Secretary, as a Compliance Officer, ensures compliance of the Companies Act, provisions of the Listing Agreement and various SEBI Regulations.

### QUALITY:

Your Company believes in branding its products for sustainable and long term growth, through customer satisfaction that goes beyond contractual obligations, improvement in quality, resolution of customer complaints with a target of improvement in reduction of complaints from time to time. In today's global competition and open economy, quality plays a vital role in marketing the products and in staying ahead of others. Therefore, more emphasis is being given to manufacturing of products that meets high standards of quality in the global market and customers' satisfaction. Proactive efforts are directed towards determining customers' requirements and achieving all-round customer satisfaction. This is primarily achieved through automated systems, high attention to complaint resolution, online communication, and information exchange, at various levels.

### MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

Industrial and employee relations with the company remain cordial throughout the year. It has been with the fulfillment of our market commitments, prompt communications, and participation in social activities and to provide challenging and safe environment in the company, where every employee can develop its own strength and deliver its best expertise in the company's interest.

The Board of Directors on record conveys thanks to all the employees for their valuable contribution towards their support in performance of the company in this difficult situation.

Your Company encourages employees to go beyond their scope of work, initiated various employee engagement activities and encourages them to participate, undertake voluntary projects and training and developmental sessions enabling the employees to learn and contribute innovative ideas in line with the vision, mission and core values of the Company.



**ANNEXURE - 5 TO BOARDS' REPORT**
**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

To,  
The Members  
Steelco Gujarat Limited  
Plot No.2, GIDC Estate, Palej - 392 220  
Distt Bharuch, Gujarat.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Steelco Gujarat Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances expressing our opinion thereon.

Based on our verification of the Steelco Gujarat Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.

(vi) Other laws applicable specifically to the Company are as follows:

- (a) Water (Prevention and Control of Pollution) Act, 1974;
- (b) Air (Prevention and Control of Pollution) Act, 1981;
- (c) Hazardous Waste (Management and Handling) Rules, 1989;
- (d) The Environment Protection Act, 1986;
- (e) Indian Boilers Regulations, 1950.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Ltd. and Vadodara Stock Exchange Ltd.

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

- (a) Earlier, the Company had received notice from SEBI for non compliance of the Clause 40A of the Listing Agreement regarding Minimum Public Shareholding. Subsequently, promoters have fully liquidated the excess Equity Shares by way of sale under OFS scheme on 30<sup>th</sup> June, 2014 and 6<sup>th</sup> August, 2014 as per the prescribed SEBI Guidelines. Thereafter common Authorised Representative for the Company and promoter attended personal hearing on 8<sup>th</sup> January, 2016. SEBI has recently issued order vide no. EAD-2/DSR/RG/PU/566-567/2016 dtd. 29<sup>th</sup> April, 2016 pursuant to Section 23-I of the SCR Act, 1956 read with Rule 5 of the SCR Rules, 1957 imposing a penalty of ₹ 25 lakhs under Section 23E of the SCR Act, 1956 on the Company & Spica Investment Ltd., the promoter, to be paid jointly & severally within 45 days from the receipt of the order.
- (b) Collector and Additional Superintendent of Stamps, Gujarat State, Gandhinagar vide their order no. stamp/ Naxan /138/ 13/ 1457 dtd. 3<sup>rd</sup> February, 2016 have ordered for recovery of deficient stamp duty aggregating to ₹ 45,44,400 in respect of documents executed from time to time relating to financial assistance given by different Banks. The Company, if aggrieved may challenge the order to the competent authority within 90 days or shall make payment within 90 days and if delayed at 15% p.a.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in



## STEELCO GUJARAT LIMITED

advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report by way of information in respect of the Company during the audit period as follows:

- (a) Since the Company did not have regular non-executive chairman, the Company was required to have at least half of the Board comprised of independent directors in terms of Clause 49 II (A) (2) of the Listing Agreement at the beginning of the financial year, having shortfall of two independent directors. Thereafter, the Company appointed Smt. Ameeta Trehan as an Independent Director on 16<sup>th</sup> May, 2015. In view of appointment of Dr. R. S. Mamak as a Non Executive (Non Promoter) Vice chairman w.e.f. 14<sup>th</sup> August, 2015, the Company is required to have at least one third of the total number of Directors as independent Directors pursuant to section 149(4) of the Companies Act, 2013 read with Clause 49 of the Listing Agreement and accordingly the Company became compliant in the regard since then.
- (b) The Company was required to have at least one woman director in terms of second proviso to Section 149(1) of the Act read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 as also Clause 49II(A)(1) of the Listing Agreement within one year from the date of commencement of the provisions of the Act i.e., by 1<sup>st</sup> April, 2015. However, the Company has inducted Smt. Ameeta Trehan on the Board of the Company on 16<sup>th</sup> May, 2015.
- (c) Since the Company has not issued any securities during the period under review:
  - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme), Guidelines, 1999;
  - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 were not applicable during the period under review.
- (d) In view of neither voluntary delisting of Equity Shares nor buy back of any security of the Company,
  - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and

- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 were not applicable during the period under review.
- (e) Secretarial Standards (SS-1 and SS-2) issued by the Institute of Company Secretaries of India mandatorily applicable during the period under review were complied with.
- (f) On application being made, Central Government has approved
  - reappointment of Shri N. M. Mohnot as a Managing Director of the Company for a period with effect from 15/06/2014 to 14/08/2014.
  - reappointment of Dr. R.S. Mamak as an Executive Chairman of the Company for a period with effect from 14/08/2014 to 13/08/2015 and
  - appointment of Shri Mitesh H. Shah as a Managing Director of the Company for a period of three years with effect from 14/11/2014 to 31/03/2017.
- (g) In view of exit order of Vadodara Stock Exchange Limited as a Stock Exchange by SEBI vide no. WTM/RKA/MRD/144 /2015 dtd. 9<sup>th</sup> November, 2015, the Company stands delisted from Vadodara Stock Exchange Limited.
- (h) M/s Steelco Colour Coating Limited has ceased to be subsidiary of the Company in view of further allotment of Equity Shares of ₹ 10/- each by it to M/s Metchem Singapore Pte. Ltd. on 31<sup>st</sup> March, 2016.
- (i) Members of the Company at their Annual General Meeting held on 30<sup>th</sup> September, 2015 authorised the Board of Directors of the Company to make reporting to BIFR in respect of more than 50% erosion of net worth. Reporting in Form C was accordingly made to BIFR by the Company vide its letter dtd. 23<sup>rd</sup> November, 2015. BIFR vide its letter no. BIFR/2284/Sec.23/BC/2015 dtd. 08/12/2015 observed from the financial statement of the Company that the extent of erosion is 100% and accordingly, the Company may file a reference under Section 15 (1) of the SICA, 1985 if it fulfills all other criteria for registration. The Board of Directors at its meeting held on 5<sup>th</sup> February, 2016 has formed the opinion that there is no 100% erosion of net worth.

**For Devesh Vimal & Co.  
Company Secretaries**

**Devesh A Pathak  
Partner**

**Place : Vadodara  
Date : 20<sup>th</sup> May, 2016**

**FCS No. 4559  
C P No: 2306**



# STEELCO GUJARAT LIMITED

## ANNEXURE- 6 TO THE BOARDS' REPORT

FORM NO. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended 31-03-2016

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

#### I. REGISTRATION AND OTHER DETAILS:

i) CIN	: L27110GJ1989PLC011748
ii) Registration Date	: 09/01/1989
iii) Name of the Company	: STEELCO GUJARAT LIMITED
iv) Category / Sub-Category of the Company	: Engineering Industry dealing in Steel
v) Address of the Registered office and contact details	: Plot No.2, GIDC Estate, Palej - 392 220, Dist. Bharuch, Gujarat
vi) Whether listed Company	: Yes
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:	: M/s. Link Intime India Private Limited Unit : Steelco Gujarat Limited B-102 & 103, 1 <sup>st</sup> Floor, Shangrila Complex, Opp. HDFC Bank, Nr. Radha Krishna Char Rasta, Akota, Vadodara – 390020, Phone – 91 – 265 – 2356573 / 2356794.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Manufacturing of CR coils/Sheets	7209	44%
2	Manufacturing of Galvanized Coils/ Sheet	7210	66%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY –

S.NO	NAME AND ADDRESS OF THE COMPANY	CIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Spica Investments Limited C/o. Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius	Not Applicable	Holding	75%	Section 2(87)

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

##### I) CATEGORY-WISE SHARE HOLDING

Category of Shareholders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Shareholding of Promoters' & Promoter group									
(1) Indian									
a) Individual/HUF	0	0	0	0.00	0	0	0	0.00	0.00
b) Central Govt./ State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0.00
c) Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
d) Any other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL:(A) (1)	0	0	0	0.00	0	0	0	0.00	0.00
(2) Foreign									
a) Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
b) Government	0	0	0	0.00	0	0	0	0.00	0.00
c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00
d) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (Specify)									
f) Bodies Corporate	31921366	0	31921366	75.00	31921366	0	31921366	75.00	0.00
SUB TOTAL (A) (2)	31921366	0	31921366	75.00	31921366	0	31921366	75.00	0.00
<b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b>	<b>31921366</b>	<b>0</b>	<b>31921366</b>	<b>75.00</b>	<b>31921366</b>	<b>0</b>	<b>31921366</b>	<b>75.00</b>	<b>0.00</b>





## STEELCO GUJARAT LIMITED

<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds/ UTI	4980	14310	19290	0.05	4980	14310	19290	0.05	0.00
b) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
c) Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
d) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
e) Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
f) Financial Institutions / Banks	625402	240	625642	1.47	625402	240	625642	1.47	0.00
g) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
h) Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Any Other (Specify)									
SUB TOTAL (B)(1):	630382	14550	644932	1.52	630382	14550	644932	1.52	0.00
(2) Central Government/ State Government(s)/ President of India									
Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
(3) Non Institutions									
a) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	4358788	1747223	6106011	14.35	4305607	1742108	6047715	14.21	-0.14
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	2949387	0	2949387	6.93	2739573	0	2739573	6.44	-0.49
b) NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
c) Employee Trusts	0	0	0	0.00	0	0	0	0.00	0.00
d) Overseas Depositories (holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (Specify)									
f) Trusts	3525	0	3525	0.01	3525	0	3525	0.01	0.00
g) Hindu Undivided Family	0	0	0	0.00	484394	0	484394	1.14	1.14
h) Non Resident Indians (Non Repat)	640	0	640	0.00	720	0	720	0.00	0.00
i) Non Resident Indians (Repat)	96141	0	96141	0.23	31653	0	31653	0.07	-0.15
j) Clearing Member	54797	0	54797	0.13	98884	0	98884	0.23	0.10
k) Bodies Corporate	755783	29240	785023	1.84	559820	29240	589060	1.38	-0.46
Sub Total (B)(3)	8219061	1776463	9995524	23.48	8224176	1771348	9995524	23.48	0.00
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)+(B)(3)</b>	<b>8849443</b>	<b>1791013</b>	<b>10640456</b>	<b>25.00</b>	<b>8854558</b>	<b>1785898</b>	<b>10640456</b>	<b>25.00</b>	<b>0.00</b>
<b>Total (A)+(B)</b>	<b>40770809</b>	<b>1791013</b>	<b>42561822</b>	<b>100.00</b>	<b>40775924</b>	<b>1785898</b>	<b>42561822</b>	<b>100.00</b>	<b>0.00</b>
Non Promoter - Non Public Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Total (A)+(B)+(C)</b>	<b>40770809</b>	<b>1791013</b>	<b>42561822</b>	<b>100.00</b>	<b>40775924</b>	<b>1785898</b>	<b>42561822</b>	<b>100.00</b>	<b>0.00</b>

### (ii) SHAREHOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	SPICA INVESTMENTS LTD.	31921366	75.00	75.00	31921366	75.00	75.00	0

### (iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)

SI No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	31921366	75.00	31921366	75.00
2	Changes during the year	00	0.00	00	0.00
3	At the end of the year	31921366	75.00	31921366	75.00

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

Sr No	Name & Type of Transaction	Shareholding at the beginning of the year - 2015		Transactions during the year		Reason	Cumulative shareholding at the end of the year - 2016	
		Nos. of Shares held	% of total shares of the Company	Date of Transactions	No. of Shares		Nos. of Shares held	% of total shares of the company
1	IDBI BANK LTD.	618570	1.4533				618570	1.4533
	AT THE END OF THE YEAR						618570	1.4533
2	RAMAN MADHOK	255642	0.6006				255642	0.6006
				10 Jul 2015	11133	Transfer	266775	0.6268
				04 Sep 2015	2	Transfer	266777	0.6268
				25 Sep 2015	266777	Transfer	533554	1.2536
				30 Sep 2015	(266777)	Transfer	266777	0.6268
	AT THE END OF THE YEAR						266777	0.6268
3	BAJRANG MANGAL	167978	0.3947				167978	0.3947
	AT THE END OF THE YEAR						167978	0.3947
4	BAJRANG MANGAL	166814	0.3919				166814	0.3919
				25 Sep 2015	166814	Transfer	333628	0.7839
				30 Sep 2015	(166814)	Transfer	166814	0.3919
	AT THE END OF THE YEAR						166814	0.3919
5	GAJESH GANPATRAJ ABANI	129482	0.3042				129482	0.3042
				25 Sep 2015	129482	Transfer	258964	0.6084
				30 Sep 2015	(129482)	Transfer	129482	0.3042
	AT THE END OF THE YEAR						129482	0.3042
6	LATA MANGAL	115280	0.2709				115280	0.2709
				25 Sep 2015	115280	Transfer	230560	0.5417
				30 Sep 2015	(115280)	Transfer	115280	0.2709
	AT THE END OF THE YEAR						115280	0.2709
7	NARENDRA R. MALI	88551	0.2081				88551	0.2081
				31 Jul 2015	4119	Transfer	92670	0.2177
				07 Aug 2015	2000	Transfer	94670	0.2224
				14 Aug 2015	7000	Transfer	101670	0.2389
				21 Aug 2015	954	Transfer	102624	0.2411
				28 Aug 2015	46	Transfer	102670	0.2412
				25 Sep 2015	102670	Transfer	205340	0.4825
				30 Sep 2015	(102670)	Transfer	102670	0.2412
	AT THE END OF THE YEAR						102670	0.2412
8	DELHI IRON & STEEL CO (P) LTD	106033	0.2491				106033	0.2491
				18 Mar 2016	(16820)	Transfer	89213	0.2096
				25 Mar 2016	(2635)	Transfer	86578	0.2034
	AT THE END OF THE YEAR						86578	0.2034
9	HEMANT LAJPAL	83374	0.1959				83374	0.1959
				25 Sep 2015	83374	Transfer	166748	0.3918
				30 Sep 2015	(83374)	Transfer	83374	0.1959
	AT THE END OF THE YEAR						83374	0.1959
10	RUMESH SHARMA	52707	0.1238				52707	0.1238
				17 Apr 2015	10	Transfer	52717	0.1239
				24 Apr 2015	1000	Transfer	53717	0.1262
				08 May 2015	500	Transfer	54217	0.1274
				15 May 2015	1000	Transfer	55217	0.1297
				31 Jul 2015	32	Transfer	55249	0.1298
				14 Aug 2015	5000	Transfer	60249	0.1416
				21 Aug 2015	10413	Transfer	70662	0.1660
				25 Sep 2015	70662	Transfer	141324	0.3320
				30 Sep 2015	(70662)	Transfer	70662	0.1660
				18 Dec 2015	2000	Transfer	72662	0.1707
				15 Jan 2016	7338	Transfer	80000	0.1880
	AT THE END OF THE YEAR						80000	0.1880
11	NEETA JAIN	80000	0.1880				80000	0.1880
				25 Sep 2015	80000	Transfer	160000	0.3759
				30 Sep 2015	(80000)	Transfer	80000	0.1880
	AT THE END OF THE YEAR						80000	0.1880



# STEELCO GUJARAT LIMITED

## (v) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>Dr. R. S. Mamak</b>				
	At the beginning of the year	4100	0.01	4100	0.01
	Changes during the year	00	0.00	00	0.00
	At the End of the year	4100	0.01	4100	0.01

## V. INDEBTEDNESS

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

₹ Lakhs

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9519.96	36.33	37.17	9593.46
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	33.64	0.00	0.00	33.64
<b>Total (i+ii+iii)</b>	<b>9553.60</b>	<b>36.33</b>	<b>37.17</b>	<b>9627.10</b>
Change in Indebtedness during the financial year				
• Addition	0.00	3133.35	1.20	3134.55
• Reduction	782.97	2366.74	0.00	3149.71
Net Change	-782.97	766.61	1.20	-15.16
Indebtedness at the end of the financial year				
i) Principal Amount	8752.23	802.94	38.37	9593.54
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2.85	0.00	0.00	2.85
<b>Total (i+ii+iii)</b>	<b>8770.63</b>	<b>669.59</b>	<b>39.96</b>	<b>9480.18</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹ Lakhs

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Mitesh Shah	R.S. Mamak	
1.	Gross salary			
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	65.92	-	65.92
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	5.27	-	5.27
(c)	Profits in lieu of salary under section 17(3) Income- tax Act, 1961	6.32	11.05	17.37
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>77.51</b>	<b>11.05</b>	<b>88.56</b>
	Ceiling as per the Act			N.A.





B. Remuneration to other directors:

₹ Lakhs

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	J.Mehra	Mahendra Lodha	S.S. Ranjan	Ameeta Trehan	
•	Fee for attending board committee meetings	5.03	5.10	5.03	3.20	18.36
•	Commission	-	-	-	-	-
•	Others, please specify - remuneration	-	-	-	-	-
	<b>Total (1)</b>	<b>5.03</b>	<b>5.10</b>	<b>5.03</b>	<b>3.20</b>	<b>18.36</b>
2.	Other Non-Executive Directors	Rashmikanth Chandaria	Vimal Chandaria	R.S. Mamak	Jiban Goswami	
•	Fee for attending board committee meetings	0.60	0.60	1.60	4.00	6.80
•	Commission	-	-	-	-	-
•	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>0.60</b>	<b>0.60</b>	<b>1.60</b>	<b>4.00</b>	<b>6.80</b>
	<b>Total (B) = (1 + 2)</b>	<b>5.63</b>	<b>5.70</b>	<b>6.63</b>	<b>7.2</b>	<b>25.16</b>
	Total Managerial Remuneration	-	-	-	-	113.72
	Overall Ceiling as per the Act					N.A.

**\*\* ARREARS OF FEES FOR F.Y. 2014-2015**

The arrears of Sitting fees of 2014-15, have been paid during FY 2015-16 (not included above) is - Dr. R. S. Mamak- ₹ 1.20 Lakhs Shri Mahendra Ladha- ₹ 1.80 Lakhs, Shri J. Mehra- ₹ 2.40 Lakhs, Shri S. S. Ranjan- ₹ 3.00 Lakhs & Shri Jiban Goswami- ₹ 3.00 Lakhs.

C. Remuneration to Key Managerial Personnel other than MD/Manager

₹ Lakhs

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary	CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5.22	11.14	16.36
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.75	0.18	0.93
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	6.14	9.45	15.59
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, please specify	-	-	-
	<b>Total</b>	<b>12.11</b>	<b>20.78</b>	<b>32.89</b>

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: Nil / None

For and on behalf of the Board of Directors  
For Steelco Gujarat Limited

Place : Mumbai  
Date : 20<sup>th</sup> May, 2016

Jatinder Mehra  
Director

Mitesh H. Shah  
Managing Director



To  
The Members of  
Steelco Gujarat Limited

**Report on the Standalone Financial Statements**

We have audited the accompanying Standalone financial statements of Steelco Gujarat Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's management is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone 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 Standalone financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31st March, 2016;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Emphasis of Matter**

**We draw attention to the matters detailed in the Note 35 of the audited financial statements in respect of basis and circumstances for the preparation of the financial statements on a going concern basis for the financial year, despite the accumulated losses and their impact on net worth at the balance sheet date.**

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "**Annexure-1**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Standalone financial statements dealt with by this report are in agreement with the books of account.

**STEELCO GUJARAT LIMITED**

- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.; and
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial control over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in “Annexure –2”; and
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its financial statements – **Refer Note 19** to the financial statements;
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For MUKESH M. SHAH & CO.**  
**CHARTERED ACCOUNTANTS**  
 Firm Registration No. 106625W

**PARTNER**

**Chandresh S. Shah**  
 Membership No. 42132

**Place : Mumbai**  
**Date : 20<sup>th</sup> May, 2016**

**Annexure - 1 to in the Independent Auditors’ Report of even date to the members of  
 STEELCO GUJARAT LIMITED for the year ended 31<sup>st</sup> March, 2016.**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets; **however, the same is required to be updated.**
  - Some of the fixed assets were physically verified during the year by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - According to the information and explanations given to us and on the basis of our examination of the records of the company, the titles deeds of immovable properties are held in the name of the company.
- The inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable, having regard to the size of the Company and nature of its business.
  - In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory.
- The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, clause (iii)(a) and (iii)(b) of paragraph of the Order are not applicable to the company for the current year.
- In our opinion and according to the information and explanations given to us, the Company has not given any loans, guarantees or security or made any investments to which provisions of section 185 and 186 of the Act is applicable, and accordingly paragraph 3 (iv) of the Order is not applicable to the Company.
- The Company has not accepted any deposits from the Public within the meaning of the provisions of section 73 to 76 or any other relevant provisions of the Act and the rules frames thereunder. Further, according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal, in this regard.
- We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Company Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income-tax, Sales-tax, Service tax, Custom duty, Excise duty, Value added Tax, Cess and any other material statutory dues during the year with the appropriate authorities. Moreover, as at 31st March, 2016, there are no such undisputed dues payable for a period of more than six months from the date they became payable **except Tax deducted at source amounting to ₹ 0.06 lakhs which has since now been deposited.**

**STEELCO GUJARAT LIMITED**

- (b) According to the information and explanations given to us, the particulars of dues of Income tax, Sales tax, Excise duty and Service tax and other material statutory dues as at 31st March, 2016 which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amounts involved (₹ in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	24.45	1991-92	H'nable Gujarat High Court
	Income Tax	26.03	1992-93	H'nable Gujarat High Court
	Income Tax	61.55	1993-94	H'nable Gujarat High Court
	Income Tax Penalty	268.02	2007-08	Commissioner of Income Tax – Appeal, Baroda
	Income Tax Penalty	142.42	2008-09	Commissioner of Income Tax – Appeal, Baroda
	Income Tax	393.53	2010-11	Commissioner of Income Tax – Appeal, Baroda
	Income Tax	240.50	2012-13	Commissioner of Income Tax – Appeal, Baroda
Custom Act	Custom Duty	32.66	2008-09	CESTAT, Ahmedabad
Gujarat Stamp Act, 1958	Stamp Duty	45.44	2008-12	

8. According to the information and explanations given to us and on the basis of our examination of the books of account, the company has generally been regular in payment of interest and instalments of loans or borrowings from any financial institution, banks, government or due to debenture holders during the year **except some delayed payment observed during the year.**
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable to the Company.
10. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. According to the information and explanations given to us and on the basis of our examination of the books of account, **the Company had paid excess remuneration of ₹ 21.06 lakhs to its Managing Director than approved by Central Government as mandated by the provisions of section 197 (with schedule V) of the Act, however, the Company has already initiated the process to recover such amount from the Managing Director and has been appropriately recorded and disclosed in the financial statement.**
12. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For MUKESH M. SHAH & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. 106625W**

**PARTNER**

**Chandresh S. Shah  
Membership No. 42132**

**Place : Mumbai  
Date : 20<sup>th</sup> May, 2016**



**Annexure - 2 to in the Independent Auditors' Report of even date to the members of  
STEELCO GUJARAT LIMITED for the year ended 31<sup>st</sup> March, 2016.****Report on the Internal Financial Control Clause (I) Of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("The Act")**

We have audited the internal financial controls over financial reporting of Steelco Gujarat Limited ("the company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management Responsibility for Internal Financial Controls**

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

**Opinion**

**In our opinion, the Company has, in all material respects, internal financial controls system over financial reporting which is required to be strengthened so as to make the same commensurate with the size and nature of business of the Company and operative effectiveness of such internal financial controls over financial reporting requires improvement and need to be made effective as at March 31, 2016, based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.**

**For MUKESH M. SHAH & CO.  
CHARTERED ACCOUNTANTS  
Firm Registration No. 106625W**

**PARTNER**

**Chandresh S. Shah  
Membership No. 42132**

**Place : Mumbai  
Date : 20<sup>th</sup> May, 2016**



# STEELCO GUJARAT LIMITED

## BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Note No.	INR - LAKHS	
		Figures as at end of March 31,	
		2016	2015
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	7,886.80	7,886.80
Reserves and Surplus	2	(7,732.76)	(7,831.39)
		154.04	55.41
<b>Share Application Money Pending Allotment:</b>		0.01	0.01
		154.05	55.42
<b>Non-Current Liabilities:</b>			
Long Term Borrowings	3	3,067.29	3,702.04
Other Long Term Liabilities	4	6.18	5.44
Long Term Provisions	5	251.41	239.38
		3,324.88	3,946.86
<b>Current Liabilities:</b>			
Short Term Borrowings	6	5,738.81	5,288.65
Trade Payables	7	15,741.77	13,003.08
Other Current Liabilities	8	2,180.34	1,369.49
Short Term Provisions	9	125.43	127.64
		23,786.35	19,788.86
<b>Total</b>		<b>27,265.28</b>	<b>23,791.14</b>
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	10	4,685.84	4,882.51
Intangible Assets	10	9.38	9.77
Capital work-in-progress		96.22	92.22
		4,791.44	4,984.50
Non Current Investments	11	5.00	5.00
Deferred Tax Asset [Net]	12	-	-
Long Term Loans and Advances	13	1,343.87	1,318.03
		6,140.31	6,307.53
<b>Current Assets:</b>			
Inventories	14	7,464.30	7,898.99
Trade Receivables	15	9,277.45	5,600.02
Cash and Bank Balances	16	1,293.20	978.44
Short Term Loans and Advances	17	971.92	1,552.07
Other Current Assets	18	2,118.10	1,454.09
		21,124.97	17,483.61
<b>Total</b>		<b>27,265.28</b>	<b>23,791.14</b>

Significant Accounting Policies  
Notes to the Financial Statements

1 to 38

As per our report of even date  
**Mukesh M. Shah & Co.**  
Chartered Accountants  
Firm Registration No. 106625W

**Chandresh S. Shah**  
Partner  
Membership No: 42132

Place : Mumbai  
Date : 20<sup>th</sup> May, 2016

For and on behalf of the Board

**Jatinder Mehra**  
Director

**Abhishek Jajoo**  
Chief Financial Officer

Place : Mumbai  
Date : 20<sup>th</sup> May, 2016

**Mitesh H. Shah**  
Managing Director

**Achal Thakkar**  
Company Secretary



# STEELCO GUJARAT LIMITED

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

Particulars	Note No.	INR - LAKHS	
		Figures for the year ended on March 31,	
		2016	2015
<b>REVENUE:</b>			
Revenue from Operations:	20		
Sale of Products [Gross]		52,166.60	58,150.53
Less : Excise Duty		2,590.66	3,105.06
Sale of Products [Net]		49,575.94	55,045.47
Other Operating Revenues		1,219.24	2,046.79
Net Revenue from Operations		50,795.18	57,092.26
Other Income	21	258.28	329.25
Total Revenue		51,053.46	57,421.51
<b>EXPENSES:</b>			
Cost of Materials Consumed	22	38,987.91	44,378.71
Changes in Inventories of Finished goods and Work-in-progress	23	631.48	1,149.69
Employee Benefits Expense	24	1,452.72	1,277.91
Finance Costs	25	2,095.76	2,139.68
Depreciation and Amortisation expenses	10	254.92	299.14
Other Expenses	26	9,753.47	9,558.58
Total Expenses		53,176.26	58,803.71
<b>Profit/(Loss) for the year</b>		<b>(2,122.80)</b>	<b>(1,382.20)</b>
Excess Provision of depreciation in earlier years written back (Refer Note No. 10)		-	868.85
<b>Profit/(Loss) for the year before exceptional and extraordinary items and tax</b>		<b>(2,122.80)</b>	<b>(513.35)</b>
Exceptional item (Refer Note No. 36)		732.59	200.00
<b>Profit/(Loss) for the year before extraordinary items and tax</b>		<b>(1,390.21)</b>	<b>(313.35)</b>
Extraordinary item			
Profit on Sale of Land (Refer Note No.10(1))		1,488.84	0.00
<b>Profit/(Loss) before Tax</b>		<b>98.63</b>	<b>(313.35)</b>
Less/[Add]: Tax Expense:			
Current Tax		-	-
Deferred Tax	12	-	-
<b>Profit/(Loss) for the Year</b>		<b>98.63</b>	<b>(313.35)</b>
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [in ₹]</b>	27		
a Before Exceptional & Extraordinary items		(6.01)	(2.23)
b After Exceptional items but before Extraordinary items		(4.29)	(1.76)
c After Extraordinary items		(0.79)	(1.76)
<b>Significant Accounting Policies</b>			
<b>Notes to the Financial Statements</b>	1 to 38		

As per our report of even date  
**Mukesh M. Shah & Co.**  
Chartered Accountants  
Firm Registration No. 106625W

**Chandresh S. Shah**  
**Partner**  
**Membership No: 42132**

**Place : Mumbai**  
**Date : 20<sup>th</sup> May, 2016**

**For and on behalf of the Board**

**Jatinder Mehra**  
Director

**Abhishek Jajoo**  
Chief Financial Officer

**Place : Mumbai**  
**Date : 20<sup>th</sup> May, 2016**

**Mitesh H. Shah**  
Managing Director

**Achal Thakkar**  
Company Secretary



# STEELCO GUJARAT LIMITED

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

Particulars	INR - LAKHS	
	Figures for the year ended on March 31,	
	2016	2015
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit / (Loss) before tax	98.63	(313.35)
Adjustments for:		
Depreciation	254.92	299.14
Excess Provision of depreciation in earlier years written back	-	(868.85)
Profit on Sale of Land	(1,488.84)	-
[Profit]/Loss on sale of assets [Net]	2.01	2.05
Interest income	(56.67)	(206.53)
Interest expenses	2,095.76	2,139.68
Bad debts written off	2.00	5.86
Write back of unclaimed long outstanding dues	732.59	200.00
Provision for doubtful debts written back	-	4.93
Exchange (Gain)/Loss - Unrealised	(178.98)	(178.98)
Provisions for employee benefits	44.90	29.22
Total	1,407.69	1,426.52
<b>Operating profit before working capital changes</b>	<b>1,506.32</b>	<b>1,113.17</b>
Adjustments for:		
[Increase]/Decrease in trade receivables	(3,035.51)	2,318.58
[Increase]/Decrease in inventories	434.69	956.34
[Increase]/Decrease in short term advances	812.10	615.39
[Increase]/Decrease in long term advances	(25.57)	(87.33)
[Increase]/Decrease in other current assets	(585.50)	826.08
[Increase]/Decrease in other non current assets	-	-
Increase/[Decrease] in trade payables	1,719.00	(1,506.67)
Increase/[Decrease] in other current liabilities	260.96	130.19
Increase/[Decrease] in other long term liabilities	0.75	0.00
Increase/[Decrease] in long term Provisions	(32.87)	(23.03)
Increase/[Decrease] in short term Provisions	2.38	(0.72)
Total	(449.55)	3,228.82
Cash generated from operations	1,056.77	4,341.99
Less : Direct taxes paid [Net of refunds]	(8.77)	3.66
Cash flow before extraordinary items	1,048.00	4,345.63
Less : Extraordinary items	-	-
<b>Net cash from operating activities</b>	<b>1,048.00</b>	<b>4,345.63</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(69.12)	(242.01)
Proceeds from sale of fixed assets	1,497.99	10.48
Purchase of Non Current investments	-	(5.00)
Interest received	(21.84)	83.60
<b>Net cash from investing activities</b>	<b>1,407.03</b>	<b>(152.93)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issue of Share Capital	-	-
Repayment of Long Term Borrowings	(451.29)	(636.34)
Short Term Borrowings [Net]	422.88	(1,299.67)
Interest paid	(2,111.86)	(2,137.30)
<b>Net cash used in financing activities</b>	<b>(2,140.27)</b>	<b>(4,073.32)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>314.76</b>	<b>119.39</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>978.44</b>	<b>859.05</b>
<b>Cash and cash equivalents at the close of the year</b>	<b>1,293.20</b>	<b>978.44</b>

### Notes to the cash flow statement

1. All figures in brackets are outflow.
2. Previous year's figures have been regrouped wherever necessary.
3. Cash and cash equivalents at the end [beginning] of the year include ₹ 1038.00 Lakhs [₹ 1003.95 Lakhs] not available for immediate use.
4. Cash and cash equivalents comprise:

	As at March 31		
	2016	2015	2014
a. Cash on hand	4.84	1.36	2.07
b. Balance with banks	249.46	8.97	31.71
c. Total	254.30	10.33	33.78

As per our report of even date

**Mukesh M. Shah & Co.**

Chartered Accountants

Firm Registration No. 106625W

**Chandresh S. Shah**

Partner

Membership No: 42132

Place : Mumbai

Date : 20<sup>th</sup> May, 2016

For and on behalf of the Board

**Jatinder Mehra**

Director

**Abhishek Jajoo**

Chief Financial Officer

Place : Mumbai

Date : 20<sup>th</sup> May, 2016

**Mitesh H. Shah**

Managing Director

**Achal Thakkar**

Company Secretary





## SIGNIFICANT ACCOUNTING POLICIES

### Company Overview

Steelco Gujarat Limited was incorporated on 9th January 1989 and is a listed entity. The Company's commercial Production of Cold Rolled Steel products started in FY 1994 with cold rolling of Steel Continuous Hot Dip Galvanising Line in FY 1997. The Company is engaged in manufacturing of GP/GC Coil Sheets & CR Coils & Sheets and the factory and office is located at Palej – 392220, Bharuch, Gujarat. The company is accredited with ISO 9001:2000 and ISO 14001:2004 certification on quality management standards for the manufacturing and supply of CR steel sheet/coils/strips and CR galvanized plain/corrugated sheet/coil/strips. The products manufactured by the company are also meeting the international standard such as BIS, JIS, DIN etc.

### Significant Accounting Policies

#### 1 Basis of Accounting:

The financial statements are prepared under "historical cost convention" on a going concern assumption (Please refer note no.36) on "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government to the extent applicable and with the applicable provisions of the Companies Act, 1956 and the provisions of the Companies Act, 2013, which are made effective from and after 12th September, 2013. The company has consistently applied the Accounting Policies in preparation and presentation of the financial statements.

#### 2 Use of Estimates:

The presentation of financial statements in conformity with the generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amount of income and expenses during the year. Actual results/outcome could differ from these estimates. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the year in which such estimates are actually materialized.

#### 3 Fixed Assets and Depreciation:

**A** All Fixed Assets are valued at cost less depreciation / amortization. Cost [net of Cenvat credit available] comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Financing costs directly attributable to the construction of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready for their intended use.

Cost of addition or extension to an existing asset, which is of a capital nature and/or which becomes an integral part of the existing asset is capitalised and added to the gross book value of that asset.

All fixed assets are stated at their Historical Costs.

**B** Pursuant to the enactment of Companies Act 2013, the Company has applied the estimated useful lives as specified in Schedule II except in cases of Buildings and Plant and Machineries, where the estimated useful life has been estimated at a longer period than that is specified in Schedule - II based on an external technical assessment and evaluation independent technical assessors. Accordingly the unamortised carrying value is being depreciated / amortised over the revised/remaining useful lives. As per the

management policy, the said extended useful life will be reviewed at the end of 3 Years or any indication which requires revision in useful life.

- C** Leasehold Land is being amortised over the life of the lease. While all other assets are depreciated over its estimated residual useful life.
- D** For determining the appropriate depreciation rates, plant and machinery falling under the category of continuous process plant has been identified on the basis of technical opinion obtained.
- E** Depreciation on additions to and disposals of the Fixed Assets during the period has been provided on pro-rata basis, according to the period each such asset was used during the period except in case of low value items not exceeding ₹ 10,000/-, which are depreciated fully in the period of addition.
- F** Depreciation on addition or extension to the existing Fixed Assets, which becomes integral part of that asset is provided on pro-rata basis according to the remaining useful life of the existing assets.

#### 4 Impairment of Assets:

- A** If at a balance sheet date, there is an indication above impairment of any item of Fixed Assets, the same is treated as impairment loss and is charged to the statement of Profit and Loss.
- B** After impairment of an asset, the depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- C** At a balance sheet date, if there is an indication that a previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount and previously recognised impairment loss is reversed.

#### 5 Borrowing Costs:

Borrowing costs that are directly attributable to the acquisition/ construction of qualifying Fixed Assets are capitalized as a part of the cost of the respective asset upto the date when such assets are ready for their intended use and borrowing costs other than these costs are charged to Statement of Profit and Loss.

#### 6 Expenditure during the Construction Period:

The expenditure incidental to the expansion / new projects is carried forward as "Pre-operative and Project expenditure pending allocation/capitalization" and are allocated to Fixed Assets in the period of commencement of the commercial production / respective assets being put to use.

#### 7 Inventories:

- A** Inventories consisting of Raw Materials, Work-in-Process and Finished Goods are valued at lower of cost and net realizable value.
- B** For this purpose, the cost of raw material is determined using Quarterly Moving Average Cost method (net of Cenvat credit availed).
- C** Cost of finished goods and Work-in-process is determined by taking average material costs (net of Cenvat credit availed) and other appropriate and relevant manufacturing overheads.
- D** Inventories consisting of Stores, Consumables, Spare Parts, and Packing Materials etc. are valued at lower of cost and net realizable value.



## STEELCO GUJARAT LIMITED

For this purpose direct costs, and appropriate relevant overheads are apportioned using the FIFO method.

### 8 Revenue Recognition:

- A** Revenue is recognised to the extent it is possible that economic benefits will flow to the company and the revenue can be reliably measured and there is a reasonable certainty regarding ultimate collection.
- B** Revenue from sale of products is recognised on transfer of all significant risks and rewards of ownership of the goods to the customers, which generally coincides with the dispatch of goods. Sales are stated exclusive of Sales Tax / VAT, trade discounts and sales returns.
- C** Export benefits / incentives are accounted on accrual basis in accordance with various government schemes in respect thereof and are shown under "Other Operating Revenue".
- D** Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.
- E** Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

### 9 Foreign Currency Transactions:

- A** The transactions in foreign currencies are converted into Indian Rupees at the rates of exchange prevailing on the date of transactions.
- B** The balances in Current Assets and Current Liabilities in foreign currencies at the date of Balance Sheet have been converted into Indian Rupees at the rate of exchange prevalent on that date. The resultant net gain/loss arising out of such foreign exchange translations is taken to Profit and Loss Account except in respect of such differences related to acquisition of fixed assets from a country outside India which are capitalized as a part of cost of respective fixed assets.

### 10 Excise Duty:

Excise Duty is accounted gross of Cenvat benefit availed on inputs, fixed assets and eligible services.

### 11 Employee Benefits:

#### **A Defined Contribution Plans:**

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits, all of which are administered by the respective Government authorities, and it has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

#### **B Defined Benefit Plans:**

The Superannuation scheme is administered through the Life Insurance Corporation of India (LIC). The liability for the defined benefit plan is funded by way of payment of premium as determined by the LIC of India and the same is administered by LIC and the Company has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

The Company administers the gratuity scheme being unfunded liability. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated

using projected unit credit method. Actuarial gains and losses, which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.

### **C Leave Entitlements (Long Term Employee Benefit):**

The employees of the Company are entitled to leave as per the leave policy of the Company. The unfunded liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary, which is calculated using projected unit credit method as at the year end and charged to the Statement of Profit and Loss.

### 12 Provision for Bad and Doubtful Debts/Advances:

Provision is made for Bad & Doubtful Debts / Advances which in the opinion of the management is considered doubtful of recovery.

### 13 Taxes on Income:

- A** Tax expenses comprise of current and deferred tax.
- B** Current tax is measured at the amount expected to be paid on the basis of relief and deductions available in accordance with the provisions of Indian Income Tax Act, 1961 and includes Minimum Alternate Tax ("MAT") paid by the company on book profits in accordance with the provisions of the Income Tax Act, 1961.
- C** MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period and will be able to set off such MAT credit entitlement.
- D** Deferred income tax reflects the impact of the current year reversible timing differences between the taxable income and accounting income for the Year and reversal of timing differences of the earlier Year.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### 14 Leases:

Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the whole ownership of the leased assets. Operating lease payments are recognized as expenses in the statement of Profit and Loss as and when paid.

### 15 Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made.

Contingent liability is disclosed for:

- A** Possible obligations which will be confirmed by future events not wholly within the control of the Company, or
- B** Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.


**NOTES TO THE FINANCIAL STATEMENTS**

INR - LAKHS  
Figures as at end of March 31,  
2016 2015

**NOTE: 1-SHARE CAPITAL:**
**Authorised:**

7,50,00,000 [as at 31-03-15 : 7,50,00,000] Equity Shares of ₹ 10/- each	7,500.00	7,500.00
7,50,00,000 [as at 31-03-15 : 7,50,00,000] Preference Shares of ₹ 10/- each	7,500.00	7,500.00
	<b>15,000.00</b>	<b>15,000.00</b>

**Issued, Subscribed and Paid-up:**

4,25,61,822 [as at 31-03-15 : 4,25,61,822] Equity Shares of ₹ 10/- each, fully paid up	4,256.18	4,256.18
3,28,20,000 [as at 31-03-15 : 3,28,20,000] 12.50% Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10/- each, fully paid up	3,282.00	3,282.00
34,86,200 [as at 31-03-15 : 34,86,200] 7.00% Cumulative Redeemable Non-Convertible Preference Shares of ₹ 10/- each, fully paid up	348.62	348.62
<b>Total</b>	<b>7,886.80</b>	<b>7,886.80</b>

**A The reconciliation of the number of Shares outstanding is as under:**

Particulars	Equity shares		Preference Shares	
	As at end of March 31, 2016	2015	As at end of March 31, 2016	2015
Number of shares at the beginning	42,561,822	42,561,822	36,306,200	36,306,200
Add: issued during the year	-	-	-	-
Number of shares at the end	42,561,822	42,561,822	36,306,200	36,306,200

**B** The equity shares rank parri passu and carry equal rights with respect to voting and dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.

**C** 12.50 % Cumulative Redeemable Non-Convertible Preference Shares are redeemable after a period of 18 years from the date of its issues i.e.29-09-2008.

The said shares do not carry any voting rights nor do they participate in the profits of the Company, except that they carry preferential right in respect of cumulative arrears of unpaid dividend. In the event of liquidation of the Company, the preference shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all other preferential amounts but before distribution to the equity shareholders.

**D** 7.00 % Cumulative Redeemable Non-Convertible Preference Shares are redeemable after a period of 15 years from the date of its issues i.e.21-02-2014.

The said shares do not carry any voting rights nor do they participate in the profits of the Company, except that they carry preferential right in respect of cumulative arrears of unpaid dividend. In the event of liquidation of the Company, the preference shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all other preferential amounts but before distribution to the equity shareholders.

INR - LAKHS  
Figures as at end of March 31,  
2016 2015

**E** Details of Share Holders holding more than 5% of Share Capital :  
Spica Investments Limited (Holding Company), Mauritius, which is a subsidiary of Spica Business Corp., Panama.

Number of Equity Shares	31,921,366	31,921,366
% to total share holding	75.00	75.00
Number of Preference Shares	36,306,200	36,306,200
% to total share holding	100.00	100.00

**F** Equity shares allotted without payment being received in cash

Nil Nil

**G** Preference shares allotted without payment being received in cash

Nil Nil

**H** Equity Shares allotted as fully paid up shares by way of Bonus Shares

Nil Nil



**INR - LAKHS**  
**Figures as at end of March 31,**  
**2016 2015**

**NOTE: 2-RESERVES AND SURPLUS:**
**Capital Reserve:**

Balance at the beginning and at the end of the year	<b>489.68</b>	489.68
	<b>489.68</b>	489.68

**Revaluation Reserve:**

Balance as at the beginning of the year	-	7,479.16
Less : Reversal of Revaluation reserve pursuant to disclosure of fixed assets at its historical costs/ Transfer to statement of Profit and Loss to the extent of Depreciation provided on Revalued amount	-	(7,479.16)
	-	-

**Surplus in statement of Profit and Loss:**

Balance as at the beginning of the year	<b>(8,321.07)</b>	(8,007.72)
Add: (Loss)/Profit for the year	<b>98.63</b>	(313.35)
Balance as at the end of the year	<b>(8,222.44)</b>	(8,321.07)
<b>Total</b>	<b>(7,732.76)</b>	(7,831.39)

**NOTE: 3-LONG TERM BORROWINGS:**

<b>INR - LAKHS</b>				
		<b>Non-current portion</b>	<b>Current Maturities</b>	
		<b>Figures as at end of March 31,</b>	<b>Figures as at end of March 31,</b>	
		<b>2016</b>	<b>2015</b>	<b>2016</b>
A	Term Loans from Banks [Secured]			
	Term Loan	<b>2,927.12</b>	3,682.50	<b>736.52</b>
B	Finance Lease Obligations [Unsecured]:			
	From Banks	<b>6.82</b>	19.54	<b>12.54</b>
C	From Shareholder [Unsecured]	<b>133.35</b>	0.00	<b>0.00</b>
	<b>Total</b>	<b>3,067.29</b>	<b>3,702.04</b>	<b>749.06</b>
	The above amount includes:			
	Secured borrowings	<b>2,927.12</b>	3,682.50	<b>736.52</b>
	Unsecured borrowings	<b>140.17</b>	19.54	<b>12.54</b>
	Amount disclosed under the head "Other Current Liabilities" [Note-8]	-	-	<b>(749.06)</b>
	<b>Net amount</b>	<b>3,067.29</b>	<b>3,702.04</b>	<b>-</b>

**A Securities and Terms of Repayment for Secured Long Term Borrowings:**
**Rupee Term Loans:**

Rupee Term Loan of ₹ 3663.64 Lakhs is secured by way of joint mortgage of immovable properties of the Company situated at Plot No.2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India) both present and future and by way of hypothecation of whole of immovable property of the Company, including plant and machinery and other movables, both present and future (Save and except inventories and book debts) whether installed or not, or in the course of transit by way of first charge to the lenders subject to the first charge on specified movable assets created in favour of banks providing Working capital finance) to rank on "pari-passu" basis.

The secured borrowings are further secured by way of pledge of 3,19,21,366 Equity Shares held by the promoters in favour of the Consortium of Bankers and corporate guarantee of Spica Business Corp., Panama, the holding company of Spica Investments Ltd., Mauritius.

The loans are rescheduled in terms of Corporate Debts Restructuring Scheme as is approved by the Corporate Debt Restructuring Cell vide its approval letter dtd June 27, 2012. Accordingly the loans are now repayable in stepped-up quarterly 30 instalments commencing from December 2013 as detailed hereunder.

Sr No	Financial year	% of Principal to be repaid	Sr No	Financial year	% of Principal to be repaid	Sr No	Financial year	% of Principal to be repaid
1	2013-14	5%	4	2016-17	15%	7	2019-20	15%
2	2014-15	10%	5	2017-18	15%	8	2020-21	15%
3	2015-16	10%	6	2018-19	15%			

Rate of Interest is linked to SBI PLR Rate + 1%. Presently 9.30 % (SBI PLR) + 1% = 10.30% p.a.

**B Default in repayment of monthly Interest and Term Loan Instalments:**

During the year, the Company has made delays in payment of interest on long term borrowings in the range of 2 to 50 days.

Interest accrued & due as at 31<sup>st</sup> March, 2016 has been paid subsequent to the date of financial statement.

During the year the company has made delays in repayment of principal value of long term borrowings in the range of 3 to 43 days. There are no continuous default as on 31<sup>st</sup> March, 2016.

**C Terms of Repayment for Unsecured Long Term Borrowings:**

Finance obligations of ₹ 36.30 Lakhs is taken against Hypothecation of respective vehicles and it is repayable as per the repayment schedule 36 equal monthly instalments alongwith interest for the year. The outstanding amount as at 31<sup>st</sup> March, 2016 is ₹ 19.36 Lakhs. [As at 31<sup>st</sup> March, 2015: ₹ 36.33 Lakhs]. There is no default by the Company in repayment of such loan during the year.

**D Unsecured Loan form Shareholders:**

Unsecured, long term borrowings from the ultimate holding Company, Spica Business Corp. Panama, is interest free and do not carry any specific terms of repayment. However, there is no amount to be repaid during next 12 months from the balance sheet date.





# STEELCO GUJARAT LIMITED

INR - LAKHS

Figures as at end of March 31,

	2016	2015
<b>NOTE :4-OTHER LONG TERM LIABILITIES:</b>		
Others : Security deposits from customers	6.18	5.44
<b>Total</b>	<b>6.18</b>	<b>5.44</b>

## NOTE: 5-LONG TERM PROVISIONS:

Provision for Employee Benefits	251.41	239.37
<b>Total</b>	<b>251.41</b>	<b>239.37</b>

Disclosure pursuant to Accounting Standard-15 [Revised] "Employee Benefits" : Defined benefit plan and long term employment benefit

### A General Description:

**Gratuity [Defined Benefit Plan]:** The Company has a defined benefit gratuity plan. Every employee who has completed continuous services of five years or more, gets a gratuity on death or resignation or retirement at 15 days salary [last drawn salary] for each completed year of service. The gratuity scheme is administered by the Company, being unfunded liability.

**Leave Wages [Long Term Employment Benefit]:** The employees of the Company are entitled to leave as per the leave policy of the Company. The liability on account of accumulated leave as on last day of the accounting year is recognised at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method. The Leave encashment obligation is administered by the Company, being unfunded liability.

INR - LAKHS

	Figures as at end of March 31,		Figures as at end of March 31,	
	2016		2015	
	Gratuity	Pre. Leave	Gratuity	Pre. Leave
<b>B Change in the present value of the defined benefit obligation:</b>				
Opening defined benefit obligation	218.12	57.43	204.22	65.86
Interest cost	17.45	4.59	16.34	5.27
Current service cost	20.32	15.63	20.95	14.41
Benefits paid	(18.22)	(12.27)	(71.55)	(31.76)
Actuarial [gain]/losses on obligation	(11.41)	(1.69)	48.16	3.65
Closing defined benefit obligation	<b>226.26</b>	<b>63.69</b>	<b>218.12</b>	<b>57.43</b>
<b>C Change in the fair value of plan assets:</b>				
Opening fair value of plan assets	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions by employer	-	-	-	-
Benefits paid	-	-	-	-
Actuarial gains/[losses]	-	-	-	-
Closing fair value of plan assets	-	-	-	-
Total actuarial gain [loss] to be recognized	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>D Actual return on plan assets:</b>				
Expected return on plan assets	-	-	-	-
Actuarial gain/[loss] on plan assets	-	-	-	-
Actual return on plan assets	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>E Amount recognised in the balance sheet:</b>				
[Assets]/Liability at the end of the Year	226.26	63.69	218.12	57.43
Fair value of plan assets at the end of the year	-	-	-	-
Difference	226.26	63.69	218.12	57.43
Unrecognised past service cost	-	-	-	-
[Assets]/Liability recognised in the Balance Sheet(*)	<b>226.26</b>	<b>63.69</b>	<b>218.12</b>	<b>57.43</b>
<b>F [Income]/Expenses recognised in the Statement of Profit and Loss :</b>				
Current service cost	20.32	15.63	20.95	14.41
Interest cost on benefit obligation	17.45	4.59	16.34	5.27
Expected return on plan assets	-	-	-	-
Net actuarial [gain]/loss in the year	(11.41)	(1.69)	48.16	3.65
Net [benefit]/expense	<b>26.36</b>	<b>18.53</b>	<b>85.45</b>	<b>23.33</b>
<b>G Movement in net liability recognised in Balance Sheet:</b>				
Opening net liability	218.12	57.43	204.22	65.86
Expenses as above [P & L Charge]	26.36	18.53	85.45	23.33
Employer's contribution	(18.22)	(12.27)	(71.55)	(31.76)
[Assets]/Liability recognised in the Balance Sheet	<b>226.26</b>	<b>63.69</b>	<b>218.12</b>	<b>57.43</b>



# STEELCO GUJARAT LIMITED

INR - LAKHS

		Figures as at end of March 31,			
		2016		2015	
		Gratuity	Pre. Leave	Gratuity	Pre. Leave
<b>H</b>	<b>Principal actuarial assumptions as at Balance Sheet date:</b>				
	Discount rate	8.00%	8.00%	8.00%	8.00%
	[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistence with the currency and terms of the post employment benefit obligations]				
	Expected rate of return on plan Assets	N.A.	N.A.	N.A.	N.A.
	[The expected rate of return assumed by the Insurance company is generally based on their Investment patterns as stipulated by the Government of India]				
	Annual increase in salary cost	5.00%	5.00%	5.00%	5.00%
	[The estimates of future salary increases considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]				
<b>I</b>	<b>The categories of plan assets as a % of total plan assets are:</b>				
	Insurance Company	0.00%	0.00%	0.00%	0.00%
	(*) Out of these ₹ 38.55 Lakhs are disclosed under Note - 9 "Short Term Provision".				
<b>J</b>	<b>Amount recognised in current and previous four years:</b>				

		As at March 31,			
		2012	2013	2014	2015
		2016			
<b>Gratuity:</b>					
Defined benefit obligation	171.33	172.32	204.22	218.13	226.28
Fair value of Plan Assets	0.00	0.00	0.00	0.00	0.00
Deficit/ [Surplus] in the plan	0.00	0.00	0.00	0.00	0.00
Actuarial Loss/ [Gain] Plan Obligation	(9.74)	16.18	10.60	48.17	(11.41)
Actuarial Loss/ [Gain] on Plan Assets	0.00	0.00	0.00	0.00	0.00
The expected contributions for Defined Benefit Plan for the next financial year will be in line with FY 2015-16.					

INR - LAKHS

		Figures as at end of March 31,	
		2016	2015
<b>NOTE: 6-SHORT TERM BORROWINGS:</b>			
Loans repayable on Demand:			
	Working Capital Loans from Banks [Secured] (*)	5,088.59	5,288.65
	From Others [Unsecured] / Inter corporate deposits	650.22	0.00
	<b>Total</b>	<b>5,738.81</b>	<b>5,288.65</b>
The above amount includes:			
	Secured borrowings	5,088.59	5,288.65
	Unsecured borrowings	650.22	-
	<b>Net amount</b>	<b>5,738.81</b>	<b>5,288.65</b>

(\*) Working Capital Loan comprising Cash Credit(CC), Packing Credit in Foreign Currency (PCFC), Export Packing Credit (EPC), Bills discounted and Demand Loan (DL) is repayable on demand from Banks are secured by way of hypothecation of the Company's entire current assets including stock of goods, including raw material, work-in-process, finished goods, stores, consumables, spares, goods in transit etc. and book-debts, both present and future, to rank on "pari-passu" basis. These facilities are also secured by way of first charge over the entire fixed assets including Equitable mortgage over leasehold right over the factory land of the Company situated at Plot No.2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India) both present and future. Interest for borrowing in Indian Currency through CC, EPC and DL is 10.30% p.a. and for borrowing in foreign currency through PCFC is in the range of Libor + 2.6172 % p.a. to Libor + 2.6420% p.a.

The secured borrowings are further secured by way of pledge of 3,19,21,366 Equity Shares held by the promoters in favour of the Consortium of Bankers

During the year, the Company has drawn the working capital financing facility in excess of sanctioned limits at some times. However, there is no continuous overdraw of working capital limits as at 31st March, 2016.

**From Others [Unsecured] / Inter Corporate Deposits:**

Unsecured, short term borrowings received, will be repayable within 90 days from the date of agreement (i.e. 29th December, 2015). The applicable interest rate on the loan is 15% p.a. Payable in advance (for 90 days)

**NOTE: 7-TRADE PAYABLES:**

Micro, Small and Medium Enterprises (*)	0.50	0.00
Acceptances	9,798.25	8,091.69
Other Trade Payables	5,943.02	4,911.39
<b>Total</b>	<b>15,741.77</b>	<b>13,003.08</b>

(\*) Disclosure in respect of Micro, Small and Medium Enterprises:

A	Principal amount remaining unpaid to any supplier as at the Year	0.50	-
B	Interest due thereon	0.14	0.13
C	Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the Year.	-	-
D	Amount of interest due and payable for the period of delay in making payment [which have been paid but beyond the appointed day during the Year] but without adding the interest specified under the MSMED.	0.14	0.13
E	Amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
F	The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure u/s 23. The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.	-	-


**INR - LAKHS**
**Figures as at end of March 31,**

	2016	2015
<b>NOTE: 8-OTHER CURRENT LIABILITIES:</b>		
Current Maturities of Long Term Debt [Refer Note No. 3]	749.06	565.60
Interest accrued and due on borrowings	18.40	33.64
Interest accrued but not due on borrowings	5.03	5.89
Advances from Customers	559.04	176.52
Amount repayable to Holding company against Offer For Sale(OFS)	38.37	37.17
Amount received on OFS, to comply with 25% Public share holding, is under Bank's Lien. Will be refunded once its free from lien.		
Others:		
Book Overdraft	-	-
Provision for Expenses	773.23	489.93
Payable to Statutory Authorities	37.21	60.74
<b>Total</b>	<b>2,180.34</b>	<b>1,369.49</b>
<b>NOTE: 9-SHORT TERM PROVISIONS:</b>		
Provision for Employee Benefits	38.55	36.17
Others:		
Provision for Taxation	86.88	91.47
[Net of advance payment of taxes of ₹ 2.90 Lakhs {as at 31-03-15: ₹ 78.61 Lakhs}]		
<b>Total</b>	<b>125.43</b>	<b>127.64</b>

**NOTE: 10-FIXED ASSETS:**
**INR - IN LAKHS**

	Leasehold Land [Refer Note. 1]	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
<b>A Tangible Assets:</b>							
<b>Gross Block:</b>							
As at March 31, 2015	90.96	3,059.40	24,101.78	115.44	161.97	190.51	27,720.06
Additions	-	-	59.13	0.44	3.20	2.48	65.25
Disposals [Refer below Note.1]	(14.87)	-	-	-	-	-	(14.87)
Other adjustments	-	-	-	-	-	-	-
As at March 31, 2016	76.09	3,059.40	24,160.91	115.88	165.17	192.99	27,770.44
<b>Depreciation:</b>							
As at March 31, 2015	21.80	1,504.98	21,034.43	62.14	61.98	152.22	22,837.55
Charge for the Year	0.91	56.12	161.96	7.04	17.00	7.73	250.76
Disposals	(3.71)	-	-	-	-	-	(3.71)
Adj. on Change in Dep. Method	-	-	-	-	-	-	-
Adj. on Reversal of Revaluation	-	-	-	-	-	-	-
As at March 31, 2016	19.00	1,561.10	21,196.39	69.18	78.98	159.95	23,084.60
<b>Net Block:</b>							
As at March 31, 2015	69.16	1,554.42	3,067.35	53.30	99.99	38.29	4,882.51
As at March 31, 2016	57.09	1,498.30	2,964.52	46.70	86.19	33.04	4,685.84
<b>B Intangible Assets:</b>							
<b>Gross Block:</b>						Computer Software	Total
As at March 31, 2015						30.19	30.19
Additions						3.78	3.78
Disposals						-	-
Other adjustments						-	-
As at March 31, 2016						33.97	33.97
<b>Depreciation:</b>							
As at March 31, 2015						20.42	20.42
Charge for the Year						4.17	4.17
Disposals						-	-
Other adjustments -Change in Method						-	-
Other adjustments -Reversal of Revaluation Reserve						-	-
As at March 31, 2016						24.59	24.59
<b>Net Block:</b>							
As at March 31, 2015						9.77	9.77
As at March 31, 2016						9.38	9.38



## STEELCO GUJARAT LIMITED

Notes :

- As on 31st March, 2016, the Company has entered into an "Agreement to Sell" and handed over possession and transferred the significant risk and ownership of the for part of its leasehold industrial land in favour of the buyer, admeasuring 40470.99 Sq. Mtr. out of it total 247581.81 Sq. Mtr. of leasehold land under 99 years lease from G.I.D.C. situated at Plot No.2, G.I.D.C. Estate, N.H.No.8, Palej, Dist.Bharuch, Gujarat (India) with M/s Steelco Colour Coating Limited at a total considetation of ₹ 1500 lakhs. The Company has received a part payment of ₹ 519 lakhs during the year. The final sale deed and conveyancing and registration of titles in the favaour of the buyer will be executed after obtaining regulatory approvals & compliance and completion of other regulatory and other formalities. In anticipation of completion of above stated approvals & compliances, the Company has recorded the above stated transaction as sale of land in its books of accounts on the basis of "Agreement to Sell" and the resultant net profit of ₹ 1488.84 lakhs has been shown under "Extra-ordinary Item" in the Statement of Profit & Loss.
- During financial year 2014-15, the Company has carried out an exercise to undertake technical assessment and evaluation of its fixed assets and has appointed an independent Govt. approved technical valuer and assessors namely Gujarat Techno - Economic Consultants Pvt. Ltd. The said firm has carried out technical evaluation and assessment of fixed assets and based on their technical review and the practice and policy of continuous refurbishment and maintenance of the equipment and buildings, it has suggested estimated remaining useful life of Buildings and Plant and Machinery for a period which is longer than the period as is specified in Schedule-II to the fixed assets which is as under:

### Class of Assets

#### Remaining Useful Life as per

	Schedule - II	Techical assessment
Factory Building	10 to 26 years	3 to 45 years
Buildings other than factory Building	13 to 54 years	20 to 40 years
Plant and Machinerics	0 to 12 years	1 to 22 years

- Break up of additions, disposals and other adjustments for previous year is as under:

#### INR - LAKHS

	Tangible Assets			Intangible Assets		
	Gross Block	Depreciation	Net Block	Gross Block	Depreciation	Net Block
Opening	36,849.36	25,294.38	11,554.98	25.43	17.01	8.42
Additions	246.10	290.83	(44.73)	4.76	8.31	(3.55)
Disposals	(95.21)	(82.68)	(12.53)	-	-	-
Adustment on Change in Depreciation	-	(863.95)	863.95	-	(4.90)	4.90
Revaluation Surplus	(9,280.18)	(1,801.02)	(7,479.16)	-	-	-
<b>Closing</b>	<b>27,720.07</b>	<b>22,837.56</b>	<b>4,882.51</b>	<b>30.19</b>	<b>20.42</b>	<b>9.77</b>

#### INR - LAKHS

Figures as at end of March 31,

2016 2015

### NOTE: 11-INVESTMENTS:

Long Term Investments [Valued at Cost]:

Trade Investments [unquoted]:

(Subsidiaries Company upto 31.03.2016) (Refer note below)

Investment in Fully Paid Equity Shares of Steelco Colour Coating Limited  
[50,000 Equity Shares of ₹ 10/- each (Previous Year - 50,000 Equity Shares)]

5.00 5.00

Note : Pursuant to issue and allotment of further shares by Steelco Colour Coating Ltd. ("SCCL") under right issue after renunciation of rights by the existing shareholders to an incumbant new investor, SCCL has ceased to be a subsidiary of the company as at 31st March, 2016.

#### Total

5.00 5.00

### NOTE: 12-DEFERRED TAX ASSETS [NET]:

**A** The Company has worked out deferred tax liabilities / assets as at March 31, 2016. In view of unabsorbed depreciation and business losses under tax laws, net result of computation is net deferred tax assets, which are not recognised as a matter of prudence and in absence of virtual certainty as to its realization.

**B** Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under :

#### INR-LAKHS

	As at 31-03-14	Charge for the previous Year	As at 31-03-15	Charge for the current Year	As at 31-03-16
Deferred Tax Liabilities:					
Depreciation	419.77	328.35	748.12	57.72	805.84
Total	419.77	328.35	748.12	57.72	805.84
Deferred Tax Assets:					
Retirement benefits and other statutory allowances	91.80	(69.39)	22.41	3.09	25.50
Bad debts provision	98.56	1.05	99.61	(4.72)	94.89
Unabsorbed business losses	548.86	0.00	548.86	6.54	555.40
Unabsorbed depreciation (*)	284.07	3,391.63	3,675.70	321.28	3,996.98
Total	1,023.29	3,323.29	4,346.58	326.20	4,672.77
Net Deferred Tax Liability	(603.52)	(2,994.94)	(3,598.46)	(268.47)	(3,866.93)





INR - LAKHS

Figures as at end of March 31,

2016 2015

**NOTE: 13-LONG TERM LOANS AND ADVANCES:**

[Unsecured, Considered Good unless otherwise stated]

Capital Advances	-	3.91
Security Deposits	14.66	217.76
Other Loans and Advances:		
Balances with Customs/ Central Excise/ Sales Tax Authorities	1,129.34	900.67
Advance payment of Tax {Net of Provision ₹ 114.50 Lakhs, (previous year ₹ 114.50 Lakhs)}	199.87	195.69
	<u>1,329.21</u>	<u>1,096.36</u>
<b>Total</b>	<u>1,343.87</u>	<u>1,318.03</u>

**NOTE: 14-INVENTORIES:**

[The Inventory is valued at lower of cost and net realisable value]

Classification of Inventories:

Raw Materials	2,528.12	2,815.57
Work-in-progress	1,032.09	1,349.05
Finished Goods	401.47	728.16
Stores and Spares	2,833.18	2,342.84
Packing Materials	3.78	3.54
Others : Scrap (As certified by the management)	665.66	659.83
<b>Total</b>	<u>7,464.30</u>	<u>7,898.99</u>

Goods in transit included above is as under:

Raw Materials	48.97	-
Finished Goods	-	302.96

**NOTE: 15-TRADE RECEIVABLES:**

[Unsecured]

Outstanding for a period exceeding six months from the date they are due for payment:

Considered good	1,868.44	1,521.24
Considered doubtful	274.18	293.06
	<u>2,142.62</u>	<u>1,814.30</u>
Less : Provision for doubtful debts	274.18	293.06
	<u>1,868.44</u>	<u>1,521.24</u>
Others-Considered good	7,409.01	4,078.78
<b>Total</b>	<u>9,277.45</u>	<u>5,600.02</u>

**NOTE: 16-CASH AND BANK BALANCES :**

Balances with Banks

In Current Accounts	249.46	8.96
In Fixed Deposits	1,038.90	968.12

Cash on Hand

	4.84	1.36
<b>Total</b>	<u>1,293.20</u>	<u>978.44</u>

A Earmarked balances with banks:

a Balances with Banks include balances to the extent held as margin money deposits against guarantee. Margin money are lying with the Scheduled/ Nationalised banks. Margin money is given against:		
i Guarantees	93.70	14.55
ii For opening letter of credits	905.56	953.57
b Bank deposits with maturity of more than 12 months	-	-
c Company keeps Fixed deposit with the Nationalised / Scheduled banks, which can be withdrawn by the Company as per its own discretion	-	-
d Fixed deposit under lien placed with banks for amount received on the behalf of Holding Company against Offer For Sale(OFS)	38.74	35.83

**NOTE: 17-SHORT TERM LOANS AND ADVANCES:**

[Unsecured, Considered Good]

Others :

Balances with Customs/ Central Excise/ Sales Tax Authorities	584.34	1,400.67
Advances to Vendors	374.39	142.44
Other Advances : Advances recoverable in cash or in kind or for value to be received	13.19	8.96
<b>Total</b>	<u>971.92</u>	<u>1,552.07</u>



INR - LAKHS		
Figures as at end of March 31,		
	2016	2015
<b>NOTE: 18-OTHER CURRENT ASSETS:</b>		
Interest Receivables	267.97	189.46
Export Incentive Receivables	103.03	821.33
Prepaid Expenses	191.68	206.42
Amount Receivable on Sale of Land [Refer Note No.10 (1)]	981.00	-
Assets Held for Sale	-	2.84
Other Receivables : Advances recoverable in cash or in kind for value to be received. (Refer Note 1 & 2 below)	574.42	234.04
<b>Total</b>	<b>2,118.10</b>	<b>1,454.09</b>
Notes:		
1) It includes an amount of ₹ 113.86 Lakhs (as at 31.03.2015 ₹ 144.94 Lakhs) on accounts of refundable interest & financial charges by bank in terms of approved Corporate Debt Restructuring Scheme by CDR Cell vide letter dtd. 27 June, 2012.		
2) It includes an amount of ₹ 21.06 Lakhs recoverable from the Managing Director in respect of excess of managerial remuneration paid than the maximum amount of remuneration approved by the Central Government.		
<b>NOTE: 19-CONTINGENT LIABILITIES AND COMMITMENT [TO THE EXTENT NOT PROVIDED FOR]:</b>		
<b>A Contingent Liabilities:</b>		
a In respect of guarantees given by Banks and/or counter guarantees given by the Company	386.00	180.00
b Other money for which the Company is contingent liable:		
i In respect of the demands raised by the Central Excise, State Excise & Service Tax Authority	378.51	378.51
ii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/Courts.	1,379.91	728.97
iii Letters of Credit	298.57	326.58
iv Dividend on Cumulative Preference Shares	3,129.97	2,695.32
v Interest on Electricity Duty Deferment Loan	39.80	39.80
vi Labour Matters	50.00	50.00
vii Liability of import duty on raw materials imported under Advance Licence Benefit Scheme against which export obligation remained to be fulfilled over the period stipulated under the Licence.	664.46	-
viii Stamp duty payable under Gujarat Stamp Act, 1958 for various hypothecation deeds executed	45.44	-
ix Penalty under SECURITIES CONTRACTS (REGULATION) ACT, 1956 for delayed compliance with respect to minimum public shareholding requirement.	25.00	-
<b>Total</b>	<b>6,397.66</b>	<b>4,399.18</b>
c Central Board of Excise & Custom ("CBEC") vide its office memorandum dated 22nd February 2011 has clarified that where the cenvat credit is availed in respect of goods exported under the duty free import authorisation ("DFIA"). Even if the said credit without being utilised is reversed or paid back alongwith interest after the goods are cleared for export, it will be treated as if such credit is availed by the assessee. Being aggrieved by issue of such memorandum in respect of benefits claimed by the Company on DFIA, the Company has filed a writ petition in Mumbai High Court challenging the memorandum issued by CBEC, which is decided in favour the Company, based on the facts of the case and prevalent legal position and Foreign Trade Policy. However, central excise department has filed special leave petition in the supreme court challenging the above decision of the mumbai high court, which has been admitted by H'nble Supreme Court. The Company has been advised by its legal advisors that the stand of the excise department is not tenable, hence there would not be any financial liabilities arising on the Company.		
<b>B Commitments:</b>		
a Estimated amount of contracts remaining to be executed on capital account and not provided for [ Net of Advances ]	-	5.00
b Commitments under Wage Settlement agreement with the workers of the Company	-	2.80
<b>Total</b>	<b>-</b>	<b>7.80</b>
c The Company has entered into a supply agreement with supplier of Zinc during the period from 1st April, 2015 to 31st March, 2016 under which it is under obligation to purchase minimum 3500 MT of Zinc during the said period with a minimum quarterly commitment of 1200 MT. In case of any shortfall, the favourable pricing treatment would not be available to the Company for such shortfall quantity, the amount of which is not ascertainable.		



INR - LAKHS

Figures as at end of March 31,

2016 2015

**NOTE: 20-REVENUE FROM OPERATIONS:**
**Sales of Goods (Including excise duty)**

Manufactured goods	52,166.60	58,150.53
	<b>52,166.60</b>	<b>58,150.53</b>

**Other Operating Revenues:**

Gain on foreign currency transactions and translation	204.45	233.81
Export Incentives	1,013.80	1,808.93
Conversion Charges (Job Work)	0.99	4.05

<b>Total</b>	<b>1,219.24</b>	<b>2,046.79</b>
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**Details of Sales of Goods [Net of Excise Duty]**

Cold Rolled Coils/Sheets	23,397.68	23,847.61
Galvanised Sheets	25,289.73	30,292.15
Others : Scrap Sales	888.53	905.72

**NOTE: 21-OTHER INCOME:**

Interest Income [Gross]	56.67	206.53
Other Non-operating Income:		
Insurance Claim Received	-	51.25
Provision for Independent non-executive Directors remuneration written back	19.33	-
Write back of provision for Bad & Doubtful Debts	16.89	-
Others	165.39	71.47
<b>Total</b>	<b>258.28</b>	<b>329.25</b>

**NOTE: 22-COST OF MATERIALS CONSUMED:**

## Raw Materials:

Stock at commencement	2,815.57	2,820.36
Add : Purchases	38,098.97	43,922.02
	40,914.54	46,742.38
Less : Stock at close	2,528.12	2,815.57
	<b>38,386.42</b>	<b>43,926.81</b>

## Packing Materials consumed

<b>Total</b>	<b>601.49</b>	<b>451.90</b>
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**Details of Raw Materials Consumed**

H R Coils	33,715.02	37,836.22
Zinc	4,604.88	6,090.60

**NOTE: 23-CHANGES IN INVENTORIES:**

## Stock at close:

Work-in-progress	1,032.09	1,349.05
Finished Goods	1,047.30	1,355.52
	<b>2,079.39</b>	<b>2,704.57</b>

## Less: Stock at commencement:

Work-in-progress	1,349.05	2,536.22
Finished Goods	1,355.52	1,333.62
	<b>2,704.57</b>	<b>3,869.84</b>

625.18 1,165.27

## Differential Excise Duty on Opening and Closing stock of Finished Goods

6.30 (15.58)

<b>Total</b>	<b>631.48</b>	<b>1,149.69</b>
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**Details of Inventories**

As at 31-03-14

As at 31-03-15

As at 31-03-16

**Finished Goods**

Cold Rolled Coils/Sheets	811.69	817.06	887.18
Galvanised Coils/Sheets	521.93	538.46	160.12

**Work - in - progress**

Cold Rolled Coils/Sheets	1,822.26	1,168.55	922.33
Galvanised Coils/Sheets	713.96	180.50	109.75



INR - LAKHS		
Figures as at end of March 31,		
	2016	2015
<b>NOTE: 24-EMPLOYEE BENEFIT EXPENSE:</b>		
Salaries and wages	998.97	959.88
Contribution to provident and other funds	88.94	65.03
Staff welfare expenses	364.81	253.00
<b>Total</b>	<b>1,452.72</b>	<b>1,277.91</b>
The Company's contribution towards the defined contribution plan	74.91	55.37
The Company makes Provident Fund contributions to defined contribution retirement benefit plans for qualifying employees, as specified under the law. The contributions are paid to the Provident Fund Trust set up by the Company or to the respective Regional Provident Fund Commissioner under the Pension Scheme. The Company is generally liable for annual contribution and any shortfall in the trust fund assets based on the government specified minimum rate of return and recognises such contribution and shortfall, if any, as an expense in the year it is incurred.		
<b>NOTE: 25-FINANCE COST:</b>		
Interest expense [*]	1,628.36	1,634.62
Other Borrowing Costs	84.86	76.24
Bank commission & charges	382.54	428.82
<b>Total</b>	<b>2,095.76</b>	<b>2,139.68</b>
[*] The break up of interest expense into major heads is given below:		
On term loans	419.90	489.38
On working capital loans	511.33	452.28
Others	697.13	692.96
	<b>1,628.36</b>	<b>1,634.62</b>
<b>NOTE: 26-OTHER EXPENSES:</b>		
Consumption of stores and spare parts	1,842.24	1,921.73
Other manufacturing expenses	346.60	401.17
Power & fuel	3,389.76	3,480.53
Rent [*]	19.66	12.89
Repairs to buildings	16.27	17.17
Repairs to plant and machinery	196.73	167.28
Repairs to others	6.53	6.25
Insurance	81.67	90.78
Rates and taxes [excluding taxes on income]	15.96	4.55
Managing directors' remuneration	81.22	244.24
Independent non-executive directors remuneration	0.00	10.00
Traveling expenses	102.86	115.94
Legal and professional fees	122.14	71.05
Loss on foreign currency transactions and translation	383.30	270.44
Commission on sales	121.61	119.34
Freight and forwarding on sales	2,652.33	2,159.92
Other marketing expenses	55.08	55.33
Amount written off (net)	(3.96)	88.74
Bad debts:		
Bad debts written off	2.00	5.86
Provision for doubtful debts	-	4.93
	<b>2.00</b>	<b>10.79</b>
Less : Transferred from Provision for Doubtful Debts	<b>2.00</b>	<b>1.82</b>
	-	8.97
Directors' sitting fees	36.56	8.08
Net Loss on Fixed Assets [Net of Loss of ₹ 2.84 Lakhs {Previous Year: Net Profit ₹ 0.70 Lakhs}]	2.01	2.05
Donations	3.06	0.08
Prior year Expenditure/(Income) Net	11.65	69.53
Miscellaneous Expenses [**]	270.19	232.52
<b>Total</b>	<b>9,753.47</b>	<b>9,558.58</b>

[\*] Rent Expenses: The Company has taken various residential/office premises/godowns under operating lease or leave and license agreement. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords. The Company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments are recognised in the Statement of Profit and Loss.

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/ can be cancelled at the option of either of the parties. There is no escalation clause in the lease agreement. There are no sub-leases. Lease payment recognised in the Statement of Profit and Loss is ₹ 19.66 lakhs [Previous Year- ₹ 12.89 lakhs]

[\*\*] Miscellaneous Expenses include Payment to the auditors as [Excluding Service Tax]:


**INR - LAKHS**
**Figures as at end of March 31,**

		<b>2016</b>	<b>2015</b>
a	i Auditors	<b>11.00</b>	8.00
	ii For Tax Audit	<b>2.50</b>	2.50
	iii For Other Services	<b>4.50</b>	4.38
	iv Total	<b>18.00</b>	14.88
b	Cost Auditor's Remuneration including fees for other services & including Service Tax	<b>2.00</b>	2.00

**NOTE: 27-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:**

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

A	Profit/(Loss) after tax	INR - Lakhs	<b>98.63</b>	(313.35)
B	Dividend on cumulative Preference shares	INR - Lakhs	<b>434.65</b>	434.65
C	Profit/(Loss) after tax attributable to Equity Shareholders			
a	Before Exceptional & Extraordinary items	INR - Lakhs	<b>(2,557.45)</b>	(948.00)
b	After Exceptional items but before Extraordinary items	INR - Lakhs	<b>(1,824.86)</b>	(748.00)
c	After Extraordinary items	INR - Lakhs	<b>(336.02)</b>	(748.00)
D	Basic and weighted average number of Equity shares outstanding during the year	Numbers	<b>42,561,822</b>	42,561,822
E	Nominal value of equity share	INR	<b>10</b>	10
	Basic & Diluted EPS			
a	Before Exceptional & Extraordinary items	INR	<b>(6.01)</b>	(2.23)
b	After Exceptional items but before Extraordinary items	INR	<b>(4.29)</b>	(1.76)
c	After Extraordinary items	INR	<b>(0.79)</b>	(1.76)

**NOTE: 28-VALUE OF IMPORTS CALCULATED ON CIF BASIS:**

Raw Materials	<b>18,310.97</b>	11,129.89
Spare Parts	<b>34.39</b>	299.36
Capital Goods	-	64.90

**NOTE: 29-EXPENDITURE IN FOREIGN CURRENCY:**

Professional and Consultation Fees	<b>2.58</b>	2.33
Others [including Travelling, Commission, Overseas Freight etc.]	<b>100.93</b>	899.75

**NOTE: 30-EARNINGS IN FOREIGN EXCHANGE:**

Export of goods calculated on F.O.B. basis	<b>26,453.41</b>	26,959.36
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**NOTE: 31-REMITTANCES MADE ON ACCOUNT OF DIVIDEND IN FOREIGN CURRENCY**
**Nil Nil**
**NOTE: 32-RAW MATERIALS AND SPARE PARTS CONSUMED:**

	<b>Figures for the year ended on March 31,</b>			
	<b>2016</b>		<b>2015</b>	
	<b>INR - LAKHS</b>	<b>% to Total</b>	<b>INR - LAKHS</b>	<b>% to Total</b>
<b>Value of Raw Materials Consumed:</b>				
Imported	<b>18,784.38</b>	<b>48.93</b>	11,836.00	26.95
Indigenous	<b>19,602.04</b>	<b>51.07</b>	32,077.09	73.05
<b>Total</b>	<b>38,386.42</b>	<b>100.00</b>	43,913.09	100.00
<b>Value of Spare parts Consumed:</b>				
Imported	<b>107.79</b>	<b>5.85</b>	76.89	4.00
Indigenous	<b>1,734.45</b>	<b>94.15</b>	1,844.84	96.00
<b>Total</b>	<b>1,842.24</b>	<b>100.00</b>	1,921.73	100.00



**STEELCO GUJARAT LIMITED****NOTE: 33-SEGMENT INFORMATION:**

As the Company has identified manufacture of steel products as its sole primary business segment, the disclosure requirements of Accounting Standard 17 – “Segment Reporting”, issued by the Institute of Chartered Accountants of India are not applicable.

**SECONDARY BUSINESS SEGMENT BY GEOGRAPHICAL MARKET**

		<b>Within India</b>	<b>INR-LAKHS Outside India</b>
i	<b>Sales Revenue</b>		
	Current Year	<b>21,522.54</b>	<b>28,106.55</b>
	Previous Year	26,677.62	28,367.85
	(Sale revenue is net of excise duty.)		
ii	<b>Carrying amount of segment assets</b>		
	Current Year	<b>20,471.65</b>	<b>6,794.69</b>
	Previous Year	19,692.31	2,370.73
	(Assets outside India include Export receivables)		
iii	<b>Additions to fixed assets</b>		
	Current Year	<b>69.04</b>	<b>0.00</b>
	Previous Year	250.86	0.00

**NOTE: 34-RELATED PARTY TRANSACTIONS:****A Name of the Related Party and Nature of the Related Party Relationship:****a Holding Company:**

Spica Business Corp., Panama	The Holding Company of Spica Investments Limited
Spica Investments Limited, Mauritius	Holding Company

**b Subsidiary Company:**

Steelco Colour Coating Limited	Subsidiary Company (upto 31.03.2016)
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**c Directors and their relatives:**

Shri Rashmi Chandaria	Non-Executive Director
Shri Vimal Chandaria	Non-Executive Director
Shri Mahendra Lodha	Non-Executive Independent Director
Shri Jatinder Mehra	Non-Executive Independent Director
Dr. R. S. Mamak	Non-Executive Vice Chairman (Executive Vice Chairman upto 13.08.2015)
Shri S. S. Ranjan	Non-Executive Independent Director
Shri Jiban Goswami	Nominee Director
Smt. Ameeta Trehan	Non-Executive Independent Director
Shri Mitesh H Shah	Managing Director (w.e.f. 14.11.2014)
Smt. Tejal M Shah	Wife of Shri Mitesh Shah (Managing Director)
Shri N. M. Mohnot	Managing Director (upto 14.08.2014)
Smt. Saroj Mohnot	Wife of Shri N.M. Mohnot (Managing Director)

**d Key Managerial Persons:**

Shri Abhishek Jajoo	Chief Financial Officer (w.e.f. 6th November, 2015)
Shri Achal Thakkar	Company Secretary (w.e.f. 29th August, 2015)
Shri Sunil Singhvi	Chief Finance Officer (upto 23rd October, 2015)
Shri Arvind Tambi	Financial Controller & Company Secretary (upto 28th August, 2015)

**e Enterprises significantly influenced by Directors and/or their relatives:**

Ignis International Industries Pvt. Ltd. (Influence of Shri N. M. Mohnot upto 14.08.2014)
Grip Strapping Technologies Pvt. Ltd. (Influence of relative of Dr. R. S. Mamak)


**B Transactions with Related Parties:**

The following transactions were carried out with the related parties in the ordinary course of business :

**a Details relating to parties referred to in items 34 - A**

Nature of Transactions	Value of the Transactions [ INR in LAKHS ]					
	Holding/ Subsidiary Company		Directors & their Relatives		Enterprises significantly influenced by Directors and/or their relatives	
	Figures for the year ended on March 31,					
	2016	2015	2016	2015	2016	2015
<b>Purchases:</b>						
Ignis International Industries Pvt. Ltd.					-	16.52
Grip Strapping Technologies Pvt. Ltd.					12.33	186.96
<b>Sales:</b>						
Ignis International Industries Pvt. Ltd.					-	12.24
Grip Strapping Technologies Pvt. Ltd.					339.46	514.75
<b>Jobwork</b>						
Grip Strapping Technologies Pvt. Ltd.					31.10	-
<b>Reimbursement</b>						
Grip Strapping Technologies Pvt. Ltd.					2.31	-
<b>Services:</b>						
Grip Strapping Technologies Pvt. Ltd.					6.74	-
Remuneration to Directors						
Shri Mitesh H. Shah			110.11	55.10		
Shri N. M. Mohnot			-	170.19		
Dr. R. S. Mamak			11.19	18.95		
Remuneration to KMPs						
Shri Abhishek Jajoo			15.86	-		
Shri Achal Thakkar			5.37	-		
Shri Sunil Singhvi			16.31	15.97		
Shri Arvind Tambi			12.65	17.24		
Sitting Fees						
Shri Rashmi Chandaria			0.60	0.60		
Shri Vimal Chandaria			0.60	0.60		
Shri Mahendra Lodha			6.90	1.60		
Shri Jatinder Mehra			7.43	1.86		
Dr. R. S. Mamak			2.80	0.89		
Shri S. S. Ranjan			8.03	1.43		
Shri Jiban Goswami			7.00	1.10		
Smt. Ameeta Trehan			3.20	-		
House Rent to a relative of a Director						
Smt. Saroj Mohnot			-	2.00		
Transport Services received from Relative of Director						
Smt.Tejal M. Shah			4.80	1.83		
<b>Sale of Property :</b>						
Sale of Land						
Steelco Colour Coating Limited	1,500.00	-				
<b>Finance:</b>						
<b>Guarantees Availed</b>						
Spica Business Corp., Panama	25,372.00	25,372.00				
<b>Unsecured Loan</b>						
Spica Business Corp., Panama	133.35	-				
<b>Outstanding :</b>						
<b>Receivables</b>						
Grip Strapping Technologies P Ltd.					76.48	230.97
Steelco Colour Coating Limited	981.00	-				
Shri Mitesh H. Shah			21.06	-		



## STEELCO GUJARAT LIMITED

### NOTE: 35 - GOING CONCERN ASSUMPTION

The Financial Statements of the Company have been prepared on "Going Concern Basis" considering the following facts:

- 1 Promoters have infused funds during the year and have committed to the lenders to further infuse their contribution towards capex plans/meet working capital needs in the forthcoming period;
- 2 The Company has identified a surplus plot of land and has already initiated process to liquidate the same to raise finance to meet long term requirements after due compliance of attached regulatory & other requirements & approvals;
- 3 The steel industry is expected to show positive outlook with recent positive policy initiatives taken by the Government;
- 4 The new management team has been inducted with fresh outlook showing improvement in operational efficiencies
- 5 Changes implemented in marketing strategies, customer focus and product mix in order to improve margins and profitability.

### NOTE: 36

Exceptional item relate to write back of an unclaimed long outstanding dues which is written back during the year as decided by the managements after its review.

### Note: 37

Confirmation letters have not been obtained from some of the Trade Receivables, Trade Payables and Loans & Advances. Hence, the balances of these accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

### Note: 38

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications/ disclosure.

### Signatures to Significant Accounting Policies and Notes 1 to 38 to the Financial Statements

As per our report of even date  
**Mukesh M. Shah & Co.**  
Chartered Accountants  
Firm Registration No. 106625W

**Chandresh S. Shah**  
Partner  
Membership No: 42132

Place : Mumbai  
Date : 20<sup>th</sup> May, 2016

### For and on behalf of the Board

**Jatinder Mehra**  
Director

**Abhishek Jajoo**  
Chief Financial Officer

Place : Mumbai  
Date : 20<sup>th</sup> May, 2016

**Mitesh H. Shah**  
Managing Director

**Achal Thakkar**  
Company Secretary

## STEELCO GUJARAT LIMITED

**Regd. Office:** Plot No. 2, G.I.D.C. Estate, National Highway No. 8, Palej - 392 220, Dist. Bharuch, Gujarat.

**Phone** -91-2642-277 479 / 480 / 481, Fax : 91-2642-277 307

E-mail : sgl@steelcogujarat.com Website : www.steelcogujarat.com

**CIN:** L27110GJ1989PLC011748

### PROXY FORM

Name of the Member(s): .....
Registered Address: .....
.....E-mail Id: .....
Folio No./ DP Id & Client Id: .....

I/We, being the member (s) of ..... shares of the Steelco Gujarat Limited, hereby appoint:

1. Name : ..... Address : .....  
Email Id : ..... Signature : .....
2. Name : ..... Address : .....  
Email Id : ..... Signature : .....
3. Name : ..... Address : .....  
Email Id : ..... Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the 26<sup>th</sup> Annual General Meeting of the Company to be held on Friday, 30<sup>th</sup> September, 2016 at 3:30 P.M. and at any adjournment thereof in respect of resolutions are indicated below:

Reso. No.	Description	Optional	
		For	Against
	<b>ORDINARY BUSINESS:</b>		
1	To consider and adopt Audited Financial Statements of the Company for the financial year ended 31 <sup>st</sup> March, 2016 together with Report of Board and the Auditors thereon.		
2	To appoint a Director in place of Shri Vimal Chandaria, who retires by rotation and being, eligible offers himself for reappointment.		
3	To appoint a Director in place of Shri Jiban Goswami, who retires by rotation and being, eligible offers himself for reappointment.		
4	To appoint M/s. Mukesh M. Shah & Co., Chartered Accountants as Statutory Auditors of the Company and fixing their remuneration.		
	<b>SPECIAL BUSINESS:</b>		
5	To approve sale of land to Steelco Colour Coating Limited.		
6	To approve remuneration of Cost Auditors for the Financial Year ending 31 <sup>st</sup> March, 2017.		
7	To approve offer, issuance and allotment of 6% new 3,00,00,000 Redeemable Cumulative Non-Convertible Preference Shares, each of Rupees 10/- Spica Business Corp, Panama.		

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

Signature of Shareholder: .....



Note: This Proxy Form in order to be effective should be duly completed and deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.





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**CIN:** L27110GJ1989PLC011748

**ATTENDANCE SLIP**

Folio No./DP Id - Client Id : \_\_\_\_\_

No. of Shares held : \_\_\_\_\_

I/We hereby record my/our presence at the 26<sup>th</sup> Annual General Meeting of Members of the Company being held at its Registered Office at Plot No. 2, GIDC Estate, Palej – 392 220, Dist. Bharuch, Gujarat, on Friday, 30<sup>th</sup> September, 2016 at 3:30 P.M.

\_\_\_\_\_  
Member's / Proxy's Name (in Block Letters)

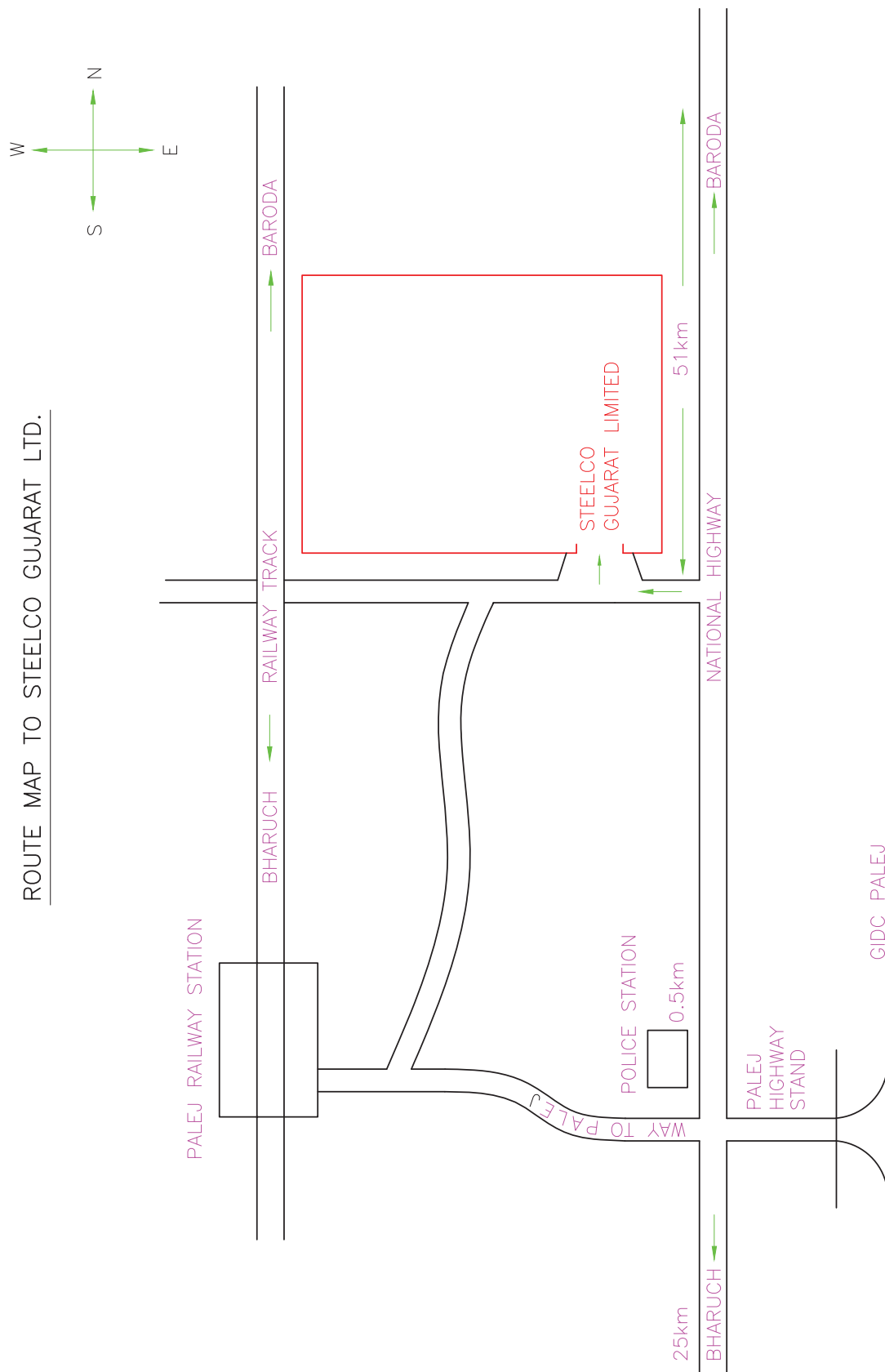
\_\_\_\_\_  
Member's / Proxy's Signature

Note :

A Member/Proxy attending the meeting must complete this Attendance Slip and hand it over at entrance of meeting hall.



ROUTE MAP TO STEELCO GUJARAT LTD.





**Inauguration of Safety Park, 2nd in Gujarat by Shri D.C. Choudhary, Director, Industrial Health & Safety, Govt. of Gujarat and Safety Award Function on 5th March, 2016.**



**Certificate Programme on Enhancing Managerial Competency (Communication and Time Management) by International Institute of Management and Technical Studies on 27th June, 2016**



**Gold Safety Award 2016 received from Greentech Foundation, New Delhi for outstanding achievements in Safety Management, received by our Shri Rajesh Pandita, Chief Operating Officer on Annual Award Function.**



## STEELCO GUJARAT LIMITED

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