



**SUNFLAG IRON & STEEL CO. LTD.**

**TWENTY NINTH ANNUAL REPORT**

**2014 - 2015**

**SUNFLAG IRON AND STEEL COMPANY LIMITED**

<b>BOARD OF DIRECTORS</b>	Mr. P. B. BHARDWAJ (Non-executive Chairman) Mr. RAVI BHUSHAN BHARDWAJ (Non-executive Vice-Chairman) Mr. PRANAV BHARDWAJ (Managing Director) Dr. E. R. C. SHEKAR (Non-executive, Independent Director) Mr. S. GAJENDRAN (Non-executive, Independent Director) CA JAYESH M. PARMAR (Non-executive, Independent Director) Mr. KUMAR JITENDRA SINGH (Non-executive, Independent Director) Mrs. NEELAM KOTHARI (Non-executive, Independent Director) (Effective 29 <sup>th</sup> September, 2014) Mr. SONAM BODH (Upto 12 <sup>th</sup> December, 2014) Mr. P. K. DAS (Effective 12 <sup>th</sup> December, 2014 and upto 11 <sup>th</sup> February, 2015) } Mr. SURENDRAKUMAR GUPTA (Deputy Managing Director)	Nominee IDBI Bank Limited
<b>CHIEF FINANCIAL OFFICER</b>	CA R. MURALIDHAR, Executive Director (Finance)	
<b>COMPANY SECRETARY</b>	CS PRANAB PANIGRAHI	
<b>STATUTORY AUDITORS</b>	M/s. PATEL, SHAH & JOSHI CHARTERED ACCOUNTANTS, MUMBAI	
<b>SECRETARIAL AUDITORS</b>	CS MUKESH D PARAKH COMPANY SECRETARY IN PRACTICE, NAGPUR	
<b>COST AUDITORS</b>	M/s. G. R. PALIWAL & COMPANY COST ACCOUNTANTS, NAGPUR	
<b>BANKERS</b>	STATE BANK OF INDIA BANK OF INDIA CANARA BANK INDIAN BANK STATE BANK OF BIKANER AND JAIPUR IDBI BANK LIMITED	
<b>REGISTERED OFFICE</b>	33, MOUNT ROAD, SADAR, NAGPUR - 440001 (MAHARASHTRA)	
<b>WORKS</b>	WARTHI, BHANDARA ROAD, BHANDARA - 441905 (MAHARASHTRA)	
<b>WEB SITE</b>	www.sunflagsteel.com	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	BIGSHARE SERVICES PRIVATE LIMITED, MUMBAI	

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### **Change in Management Structure**

- Mr. Ravi Bhushan Bhardwaj ceased to be the Managing Director & Key Managerial Personnel (KMP) of the Company effective 12<sup>th</sup> August, 2015. However, continued as a Non-Executive Vice-Chairman of the Company.
- Mr. Pranav Bhardwaj, Joint Managing Director is re-designated as Managing Director of the Company effective 12<sup>th</sup> August, 2015.
- Mr. Surendra Kumar Gupta, Whole-time Director designated as Director & CEO is re-designated as Deputy Managing Director of the Company effective 12<sup>th</sup> August, 2015.

**SUNFLAG IRON AND STEEL COMPANY LIMITED****REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440 001**

Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003

Tel No. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, E-Mail ID : investor@sunflagsteel.com, Website : www.sunflagsteel.com

**NOTICE**

**NOTICE** is hereby given that the **Twenty-ninth (29<sup>th</sup>)** Annual General Meeting of the Members of **Sunflag Iron and Steel Company Limited** will be held on **Friday, the 25<sup>th</sup> day of September, 2015 at 3.00 P. M.** at Indian Medical Association's J. R. Shaw Auditorium, North Ambazari Road, Nagpur - 440010 to transact the following business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements (Standalone & Consolidated) of the Company for the year ended 31<sup>st</sup> March 2015, the Balance Sheet as at that date, Statement of Profit and Loss and Cash Flow Statement for the financial year ended 31<sup>st</sup> March 2015, together with the Board's Reports and Statutory Auditors thereon.
2. To appoint a Director in place of Mr. Pranav Bhardwaj (DIN - 00054805), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**Re-appointment of Messers Patel, Shah & Joshi, Chartered Accountants, Mumbai (ICAI-Firm Registration No.107768W) as the Statutory Auditors of the Company**

"RESOLVED THAT pursuant to Section 139, 141 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules 2014, Messers Patel, Shah & Joshi, Chartered Accountants, Mumbai (ICAI Firm Registration No. 107768W), be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, at a remuneration as decided by the Committee of the Board or Board of Directors of the Company."

**SPECIAL BUSINESS**

4. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**Appointment of Mrs. Neelam Kothari (DIN : 06709241) as a Non-executive, Independent Director of the Company**

"RESOLVED THAT in accordance with the provisions of Section 149, 152 and all other applicable provisions of the Companies Act, 2013, Schedule IV to the Act read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications and/or re-enactment for the time being in force) and pursuant to provisions of the Listing Agreement/s, Mrs. Neelam Kothari (DIN : 06709241), in respect of whom the Company has received a Notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of the Director, be and is hereby appointed as a Non-executive, Independent Director of the Company to hold the office for a fixed term of five (5) consecutive years i.e. from the conclusion of 29<sup>th</sup> Annual General Meeting up to the conclusion of 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2020."

5. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**Revision in remuneration of Mr. Ravi Bhushan Bhardwaj (DIN : 00054700) as the Vice-Chairman & Managing Director of the Company**

"RESOLVED THAT in accordance with the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), the Company do hereby approve the revision in the terms of appointment / re-appointment (viz. remuneration payable to the managerial personnel), of Mr. Ravi Bhushan Bhardwaj (DIN : 00054700) as the Vice-Chairman & Managing Director of the Company, effective 1<sup>st</sup> April, 2014 upto 12<sup>th</sup> August, 2015, as set out in the explanatory statement annexed hereto, with a liberty to the Board of Directors including any Committee thereof to revise, amend, alter, vary and implement the terms and conditions of remuneration in such manner and as may be permitted in accordance with the provisions of the Companies Act, 2013 and/or any modifications/ amendments thereof.

FURTHER RESOLVED THAT the Committee and/or Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution."

6. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**Revision in remuneration of Mr. Pranav Bhardwaj (DIN : 00054805) as the Joint Managing Director of the Company effective 1<sup>st</sup> April, 2014 and Re-designation as the Managing Director of the Company effective 12<sup>th</sup> August, 2015**

"RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), the Company do

hereby approve the revision in the terms of appointment / re-appointment (viz. remuneration payable to the managerial personnel), of Mr. Pranav Bhardwaj (DIN : 00054805) as the Joint Managing Director of the Company, effective 1<sup>st</sup> April, 2014 upto 12<sup>th</sup> August, 2015 as set out in the explanatory statement annexed hereto,

FURTHER RESOLVED THAT in partial modification of the resolution passed by the members of the Company at its 24<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September 2010, Mr. Pranav Bhardwaj (DIN : 00054805) who was earlier appointed/re-appointed as the Joint Managing Director of the Company be and is hereby re-designated as the Managing Director of the Company effective 12<sup>th</sup> August 2015 till the end of his tenure of existing appointment/re-appointment on the same terms and conditions subject to revision in remuneration as aforesaid, with a liberty to the Board of Directors including any Committee thereof to revise, amend, alter, vary and implement the terms and conditions of remuneration in such manner and as may be permitted in accordance with the provisions of the Companies Act, 2013 and/or any modifications/ amendments thereof.

FURTHER RESOLVED THAT In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Pranav Bhardwaj (DIN : 00054805) as the Joint Managing Director/Managing Director (as the case may be) of the Company, the payment of remuneration comprising of salary, perquisites and commission shall be governed by the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013 and be paid as the minimum remuneration.

FURTHER RESOLVED THAT the Committee and/or Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution.”

7. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**Revision in remuneration of Mr. Surendra Kumar Gupta (DIN : 00054836) as the Whole-time Director designated as the Director & CEO of the Company effective 1<sup>st</sup> April, 2014 and Re-designation as the Deputy Managing Director of the Company effective 12<sup>th</sup> August, 2015**

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), the Company do hereby approve the revision in the terms of appointment/reappointment (viz. remuneration payable to the managerial personnel), of Mr. Surendra Kumar Gupta (DIN : 00054836) as the Whole-time Director designated as the Director & CEO of the Company, effective 1<sup>st</sup> April, 2014 upto 12<sup>th</sup> August 2015, as set out in the explanatory statement annexed hereto.

FURTHER RESOLVED THAT in partial modification of the resolution passed by the members of the Company at its 26<sup>th</sup> Annual General Meeting held on 25<sup>th</sup> September 2012, Mr. Surendra Kumar Gupta (DIN : 00054836) who was earlier appointed/re-appointed as the Whole-time Director designated as the Director & CEO of the Company be and is hereby re-designated as the Deputy Managing Director of the Company effective 12<sup>th</sup> August, 2015 till the end of his tenure of existing appointment / re-appointment on the same terms and conditions subject to revision in remuneration as aforesaid, with a liberty to the Board of Directors including any Committee thereof to revise, amend, alter, vary and implement the terms and conditions of remuneration in such manner and as may be permitted in accordance with the provisions of the Companies Act, 2013 and/or any modifications / amendments thereof.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Surendra Kumar Gupta (DIN : 00054836) as the Whole-time Director designated as the Director & CEO / Deputy Managing Director, (as the case may be) of the Company, the payment of remuneration comprising of salary, perquisites and commission shall be governed by the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013 and be paid as the minimum remuneration.

FURTHER RESOLVED THAT the Committee and/or Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution.”

8. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**Appointment of Mr. Pranav Bhardwaj (DIN : 00054805) as the Managing Director of the Company for a further period of five (5) years effective 17<sup>th</sup> January, 2016**

“RESOLVED THAT in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force), the Company do hereby approve the re-appointment of Mr. Pranav Bhardwaj (DIN : 00054805) as the Managing Director of the Company, for a further period of five (5) years effective 17<sup>th</sup> January, 2016 on the terms and conditions including payment of existing remuneration (revised effective 1<sup>st</sup> April, 2014) as minimum remuneration as set out in the explanatory statement annexed hereto, with liberty to the Board of Directors including any Committee thereof to revise, amend, alter, vary and implement the terms and conditions of re-appointment including payment of remuneration in such manner and as may be permitted in accordance with the provisions of the Companies Act, 2013 read with Schedule V and/or any modifications/ amendments thereof.

FURTHER RESOLVED THAT in the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Pranav Bhardwaj (DIN : 00054805) as the Managing Director of the Company, the payment of remuneration comprising of salary, perquisites and commission shall be governed by the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013 and be paid as the minimum remuneration.

FURTHER RESOLVED THAT the Committee and/or Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution.”

9. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :

**Ratification of Remuneration of Cost Auditors of the Company**

“RESOLVED THAT pursuant to provisions of Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any statutory modifications and/or re-enactment thereof, for the time being in force, M/s G R Paliwal & Company, Cost Accountants, Nagpur, (Membership No. 7815) whose appointment as the Cost Auditors of the Company for the financial year 2015-2016 has been duly approved by the Board of Directors based on the recommendations of the Audit Committee of the Board of the Company, be paid a sum ₹ 175,000 (₹ One Lac Seventy Five Thousand) plus service tax as applicable and reimbursement of actual out of pocket expenses, as a remuneration for audit of cost records of the Company for the financial year 2015-2016, as recommended by the Board of Directors based on the recommendations of the Audit Committee of the Board of the Company, be and are hereby ratified.”

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

**Adoption of new set of Articles of Association of the Company *inter-alia* pursuant to the Companies Act, 2013**

“RESOLVED THAT pursuant to the provisions of Section 5 and 14 of Companies Act, 2013 (‘the Act’), Schedule I made there under, read with the Companies (Incorporation) Rules, 2014 and all other applicable provisions, if any, of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the draft regulations contained in the Articles of Association submitted before this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to do and perform all such acts, deeds, matter and things as may be considered desirable or expedient to give effect to this resolution.”

By Order of the Board

**CS Pranab Panigrahi**  
Company Secretary  
Membership No. ACS - 16186

**Nagpur**  
12<sup>th</sup> August 2015

**NOTES :**

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A PROXY, SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING. PROXY FORM, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT (48) HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.**

A Proxy submitted on behalf of the Company, Trust or Society (Institutional Investors) must be supported by an appropriate Resolution or Authority, as applicable. A person can act as a proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% (ten percent) of the total Share Capital of the Company carrying voting rights. In case, a proxy is proposed to be appointed by a member holding more than 10% (ten percent) of the total Share Capital of the Company carrying voting rights, then such proxy shall not act as proxy for any other person or shareholder.

1. An explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 in respect of Special Business under Item Nos. 4, 5, 6, 7, 8, 9 and 10 are annexed hereto and form part of the Notice.
2. All documents referred to in the Notice including Explanatory Statement thereof, will be available for inspection by Members during working hours on any working day till the date of the Annual General Meeting at the Registered Office of the Company and also at the place of the Meeting at the scheduled time of Annual General Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, the 19<sup>th</sup> Day of September, 2015 to Friday, the 25<sup>th</sup> Day of September, 2015 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to send their queries, if any, in writing at least 10 days in advance of the date of the meeting to the Company at its Registered Office.
5. Members / Proxies are requested to bring the attendance slip attached at page 82, duly filled in, for attending the meeting.

**6. DEMATERIALISATION OF SHARES**

This is to inform that about **59.491%** of the total Equity Shares have already been dematerialized as of 31<sup>st</sup> March, 2015. The Shareholders who have not dematerialised their Equity Shareholding may opt the same accordingly.

**7. REGISTRAR & SHARE TRANSFER AGENT**

**M/s. Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400072** have been appointed by the Company as the Registrar and Share Transfer Agent effective 31<sup>st</sup> March, 2003. Therefore,

Depository Participants / Shareholders / Investors of the Company are advised to send all documents / correspondence such as requests for Dematerialisation of Shares, Transfer of Shares, Change of Address, Registration of e-mail id, Change of Bank Mandate / NECS and other Shares related documents to M/s. Bigshare Services Private Limited at the above mentioned address only.

#### 8. CHANGE OF INFORMATION / BANK MANDATE

The Members / Shareholders holding Equity Shares in physical form are requested to notify / update any Change in their Address, Bank Mandate e.g. Name of Bank, Branch Address, Account Number and MICR / IFS Code to the Registrar and Share Transfer Agent and/or the Company or to their respective Depository Participants (DP), if the Shares are held in Demat mode.

#### 9. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The dividend declared by the Company which remains unpaid / unclaimed for a period of seven (7) years is required to be transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 124(5) of the Companies Act, 2013.

As such, the details of dividends remaining unpaid / unclaimed for Seven (7) years and subsequently its transfer to IEPF Account of Central Government is as under :

S. N.	Date of AGM	Date of Transfer to IEPF	Amount (₹)
1	Twentieth (20 <sup>th</sup> ) - 28 <sup>th</sup> September 2006	27 <sup>th</sup> September 2013	1,592,685.00
2	Twenty-first (21 <sup>st</sup> ) - 25 <sup>th</sup> September 2007	24 <sup>th</sup> September 2014	1,171,767.00

Moreover, the dividend for the financial year 2007 - 2008 declared at Twenty-second (22<sup>nd</sup>) Annual General Meeting held on 23<sup>rd</sup> September, 2008 remaining unpaid / unclaimed is due for transfer to the credit of IEPF on 22<sup>nd</sup> September, 2015. The Members are requested to claim their unpaid / unclaimed Dividend(s), if any, declared and paid for the financial years 2008 - 2009, 2009 - 2010 and 2010 - 2011 including for financial year 2007 - 2008 (upto 22<sup>nd</sup> September, 2015).

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with Companies) Rules 2012, the Company has uploaded the details of unpaid and unclaimed dividend lying as on 26<sup>th</sup> September, 2014 (date of last Annual General Meeting) on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com) as also on the Ministry of Corporate Affairs' website.

10. The Securities and Exchange Board of India vide its circular no. CIR/CFD/DIL/10/2010 dated 16<sup>th</sup> December 2010, amended clause 5A of the Listing Agreement for dealing with unclaimed shares in physical form. In compliance with this amendment, the Company has sent all three reminders to such shareholders whose share certificates are in undelivered form and requesting them to update their correct details viz. postal addresses, PAN details etc. registered with the Company. The Company has transferred all the shares into the folio in the name of **"Sunflag Iron and Steel Company Limited - Unclaimed Suspense Account"**.

#### 11. GREEN INITIATIVE

**As a responsible corporate citizen, your Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India. We strongly urge you to support this 'Green Initiative' by opting for electronic mode of communication and making the world a cleaner, greener and healthier place to live.**

**The members who have not registered their e-mail address, so far, are requested to register their e-mail address with the Company, Registrar and Share Transfer Agent or Depository Participant (DP), as the case may be.**

#### 12. E-VOTING

In compliance with provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing Agreement, the Company is pleased to provide its Members facility to exercise their right to vote at the Annual General Meeting by electronic means and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL).

**The instructions for members for voting electronically are as under :**

##### l) In case of members receiving e-mail :

- a) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- b) Click on "Shareholders" tab.
- c) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- d) Now Enter your User ID
  - i) For CDSL : 16 digits beneficiary ID,
  - ii) For NSDL : 8 Character DP ID followed by 8 Digits Client ID,
  - iii) Members holding shares in Physical Form should enter Folio Number registered with the Company.

- e) Next enter the Image Verification as displayed and Click on Login.
- f) 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.
- g) If you are a first time user, then follow the steps given below :

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN *	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account / folio number in the PAN field.</li> <li>• In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB #	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details #	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.
Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company, please enter <b>the number of shares held by you as on the cut off date</b> in the <b>Dividend Bank details field</b> .	

- h) After entering these details appropriately, click on "SUBMIT" tab.
- i) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- l) 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.
- m) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n) 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.
- o) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- q) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts 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.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

II) **In case of members receiving the physical copy :**

- Please follow all steps from Serial No. (a) to Serial No. (q) above to cast vote.



- III) The e-voting period begins on **Tuesday, the 22<sup>nd</sup> September, 2015 at 10:00 Hrs.** and ends on **Thursday, the 24<sup>th</sup> September, 2015 at 17:00 Hrs.** During this period Shareholders' of the Company, holding Equity Shares either in physical form or in dematerialised (demat) form, as on the cut-off date of **Friday, the 18<sup>th</sup> September, 2015**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- IV) In case of any queries or issues regarding e-voting, members may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or Toll-free No. 1800 200 5533.
- V) The Board of Directors has appointed CS Mukesh D Parakh, Company Secretary in Practice (Membership No. FCS - 4343 & Certificate of Practice No. 13693) as a Scrutinizer to process the e-voting (including voting through ballot form received from members) and voting at the venue of the Annual General Meeting in a fair and transparent manner.
- VI) CS Pranab Panigrahi (Membership No. ACS - 16186) Company Secretary of the Company shall be responsible for addressing all the grievances in relation to this Annual General Meeting including e-voting.
- VII) The Notice of the Annual General Meeting will be sent to all the Members, whose names appear in the Register of Members as on cut-off date i. e. Friday, the 18<sup>th</sup> September, 2015 through e-mail, if registered else by any of the permitted mode. The Members may also download a copy of the Notice from the Website of the Company [www.sunflagsteel.com](http://www.sunflagsteel.com).
- VIII) The Members of the Company, holding Equity Shares either in physical form or in dematerialized (demat) form as on Friday, the 18<sup>th</sup> September, 2015 and not casting their vote electronically, may only cast their vote at the Annual General Meeting. The voting rights of shareholders shall be in proportion to their shareholding of paid-up share capital of the Company as on Friday, the 18<sup>th</sup> September, 2015.
- IX) Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote by physically also. However, in case shareholder cast their vote through e-voting as well as physically, then voting done through e-voting will prevail.
- X) The results of voting shall be declared within three (3) days of the Annual General Meeting. The results of voting so declared along with the Scrutinizer's Report shall be placed on the Company's Website [www.sunflagsteel.com](http://www.sunflagsteel.com), CDSL Website and shall also be communicated to the Stock Exchanges (BSE & NSE).

#### **EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013**

##### **ITEM NO. 4 :**

The Board of Directors at their meeting held on 26<sup>th</sup> September 2014, based on the recommendation of Nomination and Remuneration Committee, has considered and approved the appointment of Mrs. Neelam Kothari (DIN - 06709241) as an Additional Director (Non-executive, Independent) of the Company effective 29<sup>th</sup> September, 2014 to hold the office till the conclusion of ensuing Annual General Meeting.

Further, Mrs. Neelam Kothari (DIN - 06709241) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given consent to act as a Director of the Company.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mrs. Neelam Kothari (DIN - 06709241) for the office of the Director of the Company. The brief profile of Mrs. Neelam Kothari (DIN - 06709241) is given in the Board's Report and forms part of the Notice.

It is proposed to appoint Mrs. Neelam Kothari (DIN - 06709241) as a Non-executive, Independent Director under Section 149, 152 of the Act and provisions of the Listing Agreement/s to hold the office for a fixed term of consecutive five (5) years i.e. from the conclusion of 29<sup>th</sup> Annual General Meeting up to the conclusion of 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2020.

Mrs. Neelam Kothari (DIN - 06709241) may be deemed to be interested in the Resolution set out at Item No. 4 of the Notice with regard to her appointment as Non-executive Independent Director of the Company.

Except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution.

##### **ITEM NOS. 5, 6 & 7 :**

The Members will recall the terms and conditions of appointment including re-appointment of, and remuneration payable to, Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) (Vice-Chairman & Managing Director), Mr. Pranav Bhardwaj (DIN - 00054805) (Joint Managing Director) and Mr. Surendra Kumar Gupta (DIN - 00054836) (Whole-time Director designated as the Director & CEO), as to their respective office/s were duly approved by the Members by ordinary resolutions at the Twenty-second (22<sup>nd</sup>), Twenty-fourth (24<sup>th</sup>) and Twenty-sixth (26<sup>th</sup>) Annual General Meeting/s held on 23<sup>rd</sup> September 2008, 23<sup>rd</sup> September, 2010 and 25<sup>th</sup> September 2012, respectively and by special resolutions at the Twenty-seventh (27<sup>th</sup>) Annual General Meeting held on 25<sup>th</sup> September 2013, pursuant to the provisions of Section 198, 269, 309, 310 & 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Act as well as in accordance with the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, wherever applicable.

During last couple of years, there was no upward revision in the remuneration payable to the managerial personnel, as the Company was passing through the difficult times. However, during this period, there is an improvement in overall performance including financials of the Company.

In view of this, the Nomination and Remuneration Committee at its meeting held on 19<sup>th</sup> March, 2015 recommended to Board and in turn, the Board at its meeting held on 19<sup>th</sup> March, 2015 has approved and recommended the following revision in remuneration to members for their approval.

The details of revision of terms of appointment viz remuneration payable to the managerial personnel effective 1<sup>st</sup> April, 2014 to the concerned managerial personnel of the Company, are as follows :

**a) Mr. Ravi Bhushan Bhardwaj - (DIN - 00054700) Vice-Chairman & Managing Director**

**Basic Salary :** ₹ 590,000/- (₹ Five Lacs Ninety Thousand) per month, with suitable annual increase as may be decided by the Committee / Board from time to time.

**Commission :** @2% of Net Profits of the Company as computed in accordance with the provisions of the Act.

**Perquisites :** Rent free furnished accommodation with all facilities and amenities or fixed House rent allowance of ₹ 250,000/- (₹ Two Lacs Fifty Thousand) per month, reimbursement of all medical expenses/medical allowance, subscription to two clubs, personal insurance, use of car with driver, telephone at residence, contributions to the provident fund, leave travel concessions, leave encashment and other benefits, reimbursement of business expenses, and all other benefits / allowances as per rules of the Company.

*Explanation : For the purpose of calculation of perquisites, in absence of anything to the contrary, the rules of the Company governing the employment of the Company will be applicable.*

**Minimum Remuneration :** In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Ravi Bhushan Bhardwaj (DIN : 00054700) as the Vice-Chairman & Managing Director of the Company, the payment of remuneration comprising of salary, perquisites and commission shall be governed by the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013 and be paid as the minimum remuneration.

**b) Mr. Pranav Bhardwaj - (DIN - 00054805) - Joint Managing Director**

**Basic Salary :** ₹ 515,000/- (₹ Five Lacs Fifteen Thousand) per month, with suitable annual increase as may be decided by the Committee / Board from time to time.

**Commission :** @2% of Net Profits of the Company as computed in accordance with the provisions of the Act.

**Perquisites :** Rent free furnished accommodation with all facilities and amenities or fixed House rent allowance of ₹ 200,000/- (₹ Two Lacs) per month, reimbursement of all medical expenses/medical allowance, subscription to two clubs, personal insurance, use of car with driver, telephone at residence, contributions to the provident fund, superannuation and annuity fund, leave travel concessions, leave encashment, gratuity and other retirement benefits, reimbursement of business expenses, and all other benefits / allowances as per rules of the Company.

*Explanation : For the purpose of calculation of perquisites, in absence of anything to the contrary, the rules of the Company governing the employment of the Company will be applicable.*

**Minimum Remuneration :** In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Pranav Bhardwaj (DIN : 00054805) as the Joint Managing Director of the Company, the payment of remuneration comprising of salary, perquisites and commission shall be governed by the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013 and be paid as the minimum remuneration.

**c) Mr. Surendra Kumar Gupta - (DIN - 00054836) (Whole-time Director designated as the Director & CEO)**

**Basic Salary :** ₹ 310,000/- (₹ Three Lacs Ten Thousand) per month, with suitable annual increase as may be decided by the Committee / Board from time to time.

**Perquisites and benefits :** As per the Company rules as applicable from time to time.

**Minimum Remuneration :** In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Surendra Kumar Gupta (DIN - 00054836) as the Whole-time Director designated as the Director & CEO of the Company, the payment of remuneration comprising of salary, perquisites and commission shall be governed by the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013 and be paid as the minimum remuneration.

Further, the Board of Directors of the Company at its meeting held on 12<sup>th</sup> August, 2015 has approved the change in designation of the managerial personnel of the Company as follows :

- i. Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) is ceased to be the Managing Director of the Company and accordingly, re-designated as the Non-executive Vice-Chairman of the Company effective 12<sup>th</sup> August, 2015.
- ii. Mr. Pranav Bhardwaj (DIN - 00054805), Joint Managing Director is re-designated as the Managing Director of the Company effective 12<sup>th</sup> August, 2015.

iii. Mr. Surendra Kumar Gupta (DIN - 00054836) Whole-time Director designated as the Director & CEO is re-designated as the Deputy Managing Director of the Company effective 12<sup>th</sup> August, 2015

In view of aforesaid change in designation of the managerial personnel of the Company, the revision of remuneration of Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) as the Vice-Chairman & Managing Director of the Company is restricted up to 12<sup>th</sup> August, 2015. However, the revision in remuneration in other cases, is effective 1<sup>st</sup> April, 2014 till the end of tenure of existing appointment/re-appointment in their respective capacity/designation.

Accordingly, consent of the members of the Company is sought for :

- revision of remuneration payable effective 1<sup>st</sup> April, 2014 up to 12<sup>th</sup> August, 2015 in respect of Mr. Ravi Bhushan Bhardwaj (DIN - 00054700) as the Vice-Chairman & Managing Director of the Company; and,
- revision of remuneration payable effective 1<sup>st</sup> April, 2014 till the end of tenure of existing appointment/re-appointment and re-designation effective 12<sup>th</sup> August, 2015 in respect of Mr. Pranav Bhardwaj (DIN - 00054805) Joint Managing Director/ Managing Director (as the case may be) of the Company; and,
- revision of remuneration payable effective 1<sup>st</sup> April, 2014 till the end of tenure of existing appointment/re-appointment and re-designation effective 12<sup>th</sup> August, 2015 in respect of Mr. Surendra Kumar Gupta (DIN - 00054836) Whole-time Director designated as the Director & CEO/Deputy Managing Director (as the case may be) of the Company.

This explanatory statement may be treated as an abstract of terms of appointment/re-appointment including payment of remuneration to managerial personnel between the Company and Mr. Ravi Bhushan Bhardwaj (DIN - 00054700), Mr. Pranav Bhardwaj (DIN - 00054805) and Mr. Surendra Kumar Gupta (DIN - 00054836) respectively.

Mr. Ravi Bhushan Bhardwaj (DIN - 00054700), Mr. Pranav Bhardwaj (DIN - 00054805) and Mr. Surendra Kumar Gupta (DIN - 00054836) (being the beneficiaries) and Mr. P. B. Bhardwaj (DIN - 00136076) (being the relative), are deemed to be concerned or interested in the aforesaid resolution/s. Except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, are concerned or interested, financially or otherwise, in the aforesaid resolution/s.

#### **Item No. 8 :**

Mr. Pranav Bhardwaj (DIN - 00054805) was appointed as the Joint Managing Director of the Company for three (3) terms of five (5) years effective from 17<sup>th</sup> January 2001; 17<sup>th</sup> January, 2006 & 17<sup>th</sup> January, 2011 and subsequently, re-designated as the Managing Director of the Company effective 12<sup>th</sup> August 2015 accordingly, the existing term expires on 16<sup>th</sup> January, 2016.

Keeping in view his unstinted efforts and wide contributions which resulted in increase in the Company's overall performance and financial results, the Nomination and Remuneration Committee at its meeting held on 12<sup>th</sup> August, 2015 considered and recommended to the Board and in turn, the Board of Directors at its meeting held on 12<sup>th</sup> August, 2015 recommended to the Shareholders for their approval, the re-appointment of Mr. Pranav Bhardwaj (DIN - 00054805) as the Managing Director of the Company for a further period of five (5) years effective from 17<sup>th</sup> January, 2016 on the following terms and condition including remuneration payable thereof.

**Basic Salary :** ₹ 515,000/- (₹ Five Lacs Fifteen Thousand) per month, with suitable annual increase as may be decided by the Committee/ Board from time to time.

**Commission :** @2% of Net Profits of the Company as computed in accordance with the provisions of the Act.

**Perquisites :** Rent free furnished accommodation with all facilities and amenities or fixed House rent allowance of ₹ 200,000/- (₹ Two Lacs) per month, reimbursement of all medical expenses/medical allowance, subscription to two clubs, personal insurance, use of car with driver, telephone at residence, contributions to the provident fund, superannuation and annuity fund, leave travel concessions, leave encashment, gratuity and other retirement benefits, reimbursement of business expenses, and all other benefits/allowances as per rules of the Company.

*Explanation : For the purpose of calculation of perquisites, in absence of anything to the contrary, the rules of the Company governing the employment of the Company will be applicable.*

**Minimum Remuneration :** In the event of loss or inadequacy of profits in any financial year during the currency of tenure of service of Mr. Pranav Bhardwaj (DIN - 00054805) as the Managing Director of the Company, the payment of remuneration comprising of salary, perquisites and commission shall be governed by the limits prescribed under Section II of Part II of Schedule V to the Companies Act, 2013 and be paid as the minimum remuneration.

#### **Other Information :**

- Background details :** Mr. Pranav Bhardwaj (DIN - 00054805) (aged about 41 years) hails from a renowned family of industrialists and an industrial entrepreneur himself. He is a dynamic new generation industrialist. He has graduated as B.Sc. majoring in Chemistry and Business Management (Joint Honors Degree) from the world renowned Imperial College of London. He has over twenty (20) years of experience in Steel and Textile industry. He is associated with the Company since year 1995.
- Past remuneration :** Basic Salary of ₹ 420,000/- (₹ Four Lacs Twenty Thousand) per month plus Commission @2% of net profits and Perquisites as per Company's Rules for managerial personnel.
- Recognition or awards :** (i) Vice-Chairman of Alloy Steel Producers of India (ASPA) since 2009; (ii) Managing Committee Member of The Associated Chamber of Commerce & Industry of India (ASSOCHEM) during the period 2009-2010.

4. **Job profile and his suitability** : Subject to the superintendence, control and direction of the Board of Directors, Mr. Pranav Bhardwaj (DIN-00054805) is assisting Vice-Chairman (Erstwhile Vice-Chairman & Managing Director) in the smooth functioning of the Company. The Company has made good growth under his leadership.
5. **Remuneration proposed** : Basic Salary : ₹ 515,000/- (₹ Five Lacs Fifteen Thousand) per month, with suitable annual increase as may be decided by the Committee/ Board from time to time plus Commission @2% of net profits and Perquisites as more specifically described in the explanatory statement.

The terms and conditions of appointment including the remuneration payable to Mr. Pranav Bhardwaj (DIN-00054805) is well within the ceiling as laid down under Sections 196, 197,198, 203 and other applicable provisions, if any, of the Companies Act, 2013, Schedule V to the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications and/or re-enactment thereof for the time being in force).

The Board having considered his qualifications, experience and responsibilities recommended for approval of the Shareholders, the re-appointment of Mr. Pranav Bhardwaj (DIN-00054805) as the Managing Director of the Company for a further period of five (5) years effective from 17<sup>th</sup> January, 2016 in the interest of the Company.

This explanatory statement may be treated as an abstract of terms of appointment between Mr. Pranav Bhardwaj (DIN-00054805) and the Company.

Since Mr. P. B. Bhardwaj (DIN-00136076) and Mr. Ravi Bhushan Bhardwaj (DIN-00054700), Directors are related to Mr. Pranav Bhardwaj (DIN-00054805) they are deemed to be interested in the resolution. Except Mr. Pranav Bhardwaj (DIN-00054805) for himself, Mr. P. B. Bhardwaj (DIN-00136076) and Mr. Ravi Bhushan Bhardwaj (DIN-00054700), no other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution.

**Item No. 9 :**

On recommendations of the Audit Committee, the Board of Directors of the Company at its meeting held on 30<sup>th</sup> May, 2015 appointed M/s G R Paliwal & Company, Cost Accountant, Nagpur (Membership No. 7815) as the Cost Auditors of the Company for the financial year 2015-2016 to audit cost records of the Company at a remuneration of ₹ 175,000/- (₹ One Lacs Seventy Five Thousand Only) plus service tax as applicable and reimbursement of actual out of pocket expenses.

Pursuant to Section 148(3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration as recommended by the Board of Directors, is subject to ratification by the shareholders / members of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors of the Company recommends the resolution for ratification of the members in the interest of the Company.

**Item No. 10:**

The Articles of Association ("AoA") of the Company is presently in force since its incorporation except certain alteration/amendments and are based on the Companies Act, 1956. Several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 and some regulations in the existing Articles of Association are no longer in conformity with the Companies Act, 2013.

The Companies Act, 2013 is now largely in force as substantive sections of the Act which deal with the general working of companies stand notified.

With the coming into force of the Act several regulations of the existing Articles of Association of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing Articles of Association by a new set of Articles of Association of the Company.

In terms of Section 5 and 14 of the Companies Act, 2013, the consent of the Members by way of Special Resolution is required for approval and adoption of a new set of Articles of Association of the Company.

The proposed new draft Articles of Association is being uploaded on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com) for perusal of the shareholders. And also available for inspection of the members at the Registered Office of the Company during any working day prior to the Meeting and also at the Meeting hall. Any member interested, may visit the Office during working hours.

None of the Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors of the Company recommends the acceptance of the aforesaid special resolution by the members in the interest of the Company.

**Nagpur**  
**12<sup>th</sup> August 2015**

By Order of the Board  
**CS Pranab Panigrahi**  
**Company Secretary**  
**Membership No. ACS - 16186**

**BOARD'S REPORT**

To

**The Shareholders,**

The Board of Directors hereby present the 29<sup>th</sup> Annual Report together with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2015. During the year under review, the Steel Industry as well as Automobile and Auto component sectors continued to remain in the market with sluggish demand in addition to this there is a sudden surge in import of iron ore and coal, resulted in the high input costs, which have adversely affected the profitability resulting into lesser margin. However, with the continuous efforts by the Company's Management towards strict cost reduction and better financial/working capital management, has helped to improve its overall performance in order to survive in the difficult market conditions.

**1. FINANCIAL RESULTS**

Summarised financial results for the year are as follows :

(₹ in Lacs)

Sr. No.	Particulars	For the financial year ended	
		31 <sup>st</sup> March 2015	31 <sup>st</sup> March 2014
1	Total Income	176,259	159,090
2	Total Expenditure	158,731	143,841
3	Gross Profit	17,528	15,249
4	Finance Cost	7,144	7,299
5	Profit before Depreciation	10,384	7,950
6	Depreciation	5,113	6,118
7	Profit / (Loss) before Tax	5,271	1,832

**2. FINANCE**

Your Company has ended the financial year with a profit after tax of ₹ 2,441 Lacs. After taking into account the brought forward profit of ₹ 33,849 Lacs, your Company has carried forward an amount of ₹ 36,290 Lacs.

**3. DIVIDEND**

The Company is in need of more funds through internal accruals to cope with the terms and conditions of the lending banks financing ongoing capital projects under expansion programmes, which will enable future growth of the Company. As such, Board of Directors does not recommend dividend on the equity share of the Company for the Financial Year 2014 - 2015.

**4. SHARE CAPITAL**

During the year under review, the authorised share capital of the Company was reclassified, with creation of additional 40,000,000 (Four crore) equity shares of ₹ 10/- (₹ Ten) each, against cancellation of 4,000,000 (Forty lacs) 10% cumulative preference shares of ₹ 100/- (₹ One hundred) each, lying unissued and forming part of the authorised share capital of the Company and consequent amendments to the capital clause of the Memorandum and Articles of Association of the Company under Section 13, 14, 61 and 64 of the Act.

Further, during the year under review, the Company has issued and allotted 18,021,945 equity shares of face value of ₹ 10/- (₹ Ten) each, at a premium of ₹ 21/- (₹ Twenty one) each to Non-promoter foreign body corporate namely M/s Daido Steel Co. Ltd., Japan on preferential allotment basis on 11<sup>th</sup> September 2014.

Accordingly, the issued, subscribed and paid-up share capital of the Company increased from ₹ 1,621,975,030 to ₹ 1,802,194,480 as on 31<sup>st</sup> March, 2015.

**5. MARKET SCENARIO**

During the year under review, there was no substantial increase of demand in Automobile and Auto Component Industries. However, **SUNFLAG STEEL** is continuing to develop new high value grades of alloy steel to cater the needs of other domestic as well as international markets than its present market. There is no significant change in current market scenario however it is expected to improve in the days to come after slow down in the past previous year/s.

**6. COMPANY'S WORKING / OPERATIONS**

During the year under review, the production details of Plants are as under :

(Production : MT)

Sr No	Particulars	Financial Year 2014-2015	Financial Year 2013-2014
1	Direct Reduction Plant (I + II)	130,762	114,026
2	Steel Melt Shop	319,969	296,702
3	Rolled products	312,839	296,564
4	Mini Blast Furnace / Pig Iron	234,841	219,980
5	Sinter Plant	295,794	339,301
6	Coal (Belgaon Coal Block)	196,380	148,000
7	Power Plant (Lacs-kWh)	1609.56	1573.13

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

No such orders passed during the year, hence not applicable.

**8. BELGAON COAL BLOCK**

During the year 2005 - 2006, the Company was allocated Belgaon coal block in the State of Maharashtra for captive use at the Company's steel plant at Bhandara in the State of Maharashtra.

As per the order of the Hon'ble Supreme Court of India dated 24<sup>th</sup> September 2014, the Belgaon coal block which was allocated to the Company stand de-allocated effective 31<sup>st</sup> March, 2015 with an additional levy of ₹ 295/- per ton on the quantity of coal extracted from the said Coal Block.

Further, as per decision, the Nominated Authority, Ministry of Coal, Government of India have auctioned the coal block/s so cancelled including the Belgaon coal block. Your Company has participated in the e-auction and was declared as a successful bidder for re-allocation of the said coal block at a Final Price Offer (FPO) of ₹ 1785/- per MT.

**9. PROJECTS****Steel Plant :**

As reported in previous year the Company has undertaken to commission the online inspection system for hot rolled round bars. The project consists of ultrasonic testing machine and 2 Roll straightening machine. The project is expected to be in operation in the current financial year 2015 - 2016.

Further, the Company has undertaken alloy feeding system in Ladle re-heating furnace - 2 of Steel Melt Shop wherein alloy materials will be weighted and fed through automatic process in to steel ladle in re-heating process. The project is expected to be commissioned in the current financial year 2015 - 2016.

**Subsidiary Companies :**

**Sunflag Power Limited :** Requisite approvals are being sought for the implementation of Hydro Power Project at Hanol-Tuini in the state of Uttarakhand.

**Sunflag Special Steels Limited :** The management is exploring the business opportunities for the Company.

**Khappa Coal Company Private Limited :** As per the order of the Hon'ble Supreme Court of India dated 24<sup>th</sup> September 2014, the Khappa & Ext<sup>n</sup> coal block which was allocated to Khappa Coal Company Private Limited, being at initial stage and non-operating one, stand de-allocated with immediate effect. The management will take appropriate steps once the final decision regarding fate of bank guarantee is resolved.

**Joint Venture Companies (JVC) :****Madanpur (North) Coal Company Private Limited and C T Mining Private Limited :**

As per the order of the Hon'ble Supreme Court of India dated 24<sup>th</sup> September 2014, the coal block/s which were allocated to Madanpur (North) Coal Company Private Limited in the state of Chhattisgarh and to C T Mining Private Limited in the state of Jharkhand, being at initial stage and non-operating ones, stand de-allocated with immediate effect. The management will take appropriate steps once the final decision regarding fate of bank guarantee is resolved.

**Gujarat State Mining and Resources Corporation Limited :** In absence of allocation of coal block to the JVC and non-viability of integrated coke oven project, the board of directors of the Company at its meeting held on 19<sup>th</sup> March, 2015 unanimously resolved to strike-off the name of the JV Company subject to requisite approval/s.

**Daido D.M.S. India Private Limited :** Your Company has formed and incorporated a joint venture Company at Faridabad in the National Capital Territory of Delhi with two JV partners namely Daido Steel Co. Ltd., Japan and Daido Die & Mold Steel Co. Ltd., Japan on 10<sup>th</sup> March, 2015. The JVC is in the process of commencement of its proposed business and commercial activities.

The object of the Company is to carry on the business as manufacture (processing, heat treatment, surface treatment), import, export, distribute or otherwise deal in die and mold steel (tool steel and other metallic materials), processed products thereof and mold parts.

**10. DEMATERIALISATION OF SHARES**

As on 31<sup>st</sup> March, 2015, there were approximately 1072 lacs equity shares dematerialised through depositories viz. National Securities Depository Limited and Central Depository Services (India) Limited, which represents about 59.49% of the total paid-up capital of the Company.

**11. LISTING OF SHARES**

During the year, 18,021,945 equity shares in the capital of the Company issued and allotted on 11<sup>th</sup> September, 2014 to Daido Steel Co. Ltd., Japan were got listed, subject to lock in period of one (1) year, with BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) effective 9<sup>th</sup> October, 2014.

The Equity shares of your company continued to be listed with/traded on the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE). The listing fees have been paid to both Stock Exchanges (BSE & NSE) for the financial year 2015 - 2016.

**12. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGES EARNINGS AND OUTGO**

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in the **Annex - C** to this report.

**13. DIRECTORS & KEY MANAGERIAL PERSONNEL****I. APPOINTMENT & CESSATION OF KEY MANAGERIAL PERSONNEL (KMP)**

- a) The existing managerial personnel of the Company namely, Mr. Ravi Bhushan Bhardwaj (DIN : 00054700), Vice-Chairman & Managing Director; Mr. Pranav Bhardwaj (DIN : 00054805), Joint Managing Director and Mr. Surendra Kumar Gupta, Whole-time Director, designated as Director & CEO of the Company have been re-classified (recognised) as the key managerial personnel (KMP) of the Company effective 1<sup>st</sup> April, 2014.
- b) Mr. Ravi Bhushan Bhardwaj ceased to be the Managing Director & Key Managerial Personnel (KMP) of the Company effective 12<sup>th</sup> August, 2015. However, continued as a Non-Executive Vice-Chairman of the Company.
- c) Mr. Pranav Bhardwaj, Joint Managing Director is re-designated as Managing Director of the Company effective 12<sup>th</sup> August, 2015.
- d) Mr. Surendra Kumar Gupta, Whole-time Director designated as Director & CEO is re-designated as Deputy Managing Director of the Company effective 12<sup>th</sup> August, 2015.
- e) Mr. R. Muralidhar, Executive Director (Finance) of the Company was appointed as the Key Managerial Personnel (KMP) of the Company effective 1<sup>st</sup> April, 2014.  
CS Mukesh D Parakh (ICSI Membership No. FCS-4343) Company Secretary was also re-classified (recognised) as the Key Managerial Personnel (KMP) of the Company effective 1<sup>st</sup> April, 2014.
- f) CS Mukesh D Parakh, (Membership No. FCS-4343) Company Secretary of the Company has resigned and in his place, CS Pranab Panigrahi (Membership No. ACS-16186) was appointed as the Company Secretary & Compliance Officer of the Company effective 5<sup>th</sup> August, 2014.

**II. RETIREMENT BY ROTATION**

Pursuant to Section 152 of Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. Pranav Bhardwaj (DIN : 00054805), Managing Director retire by rotation and, being eligible, offers himself for re-appointment. The Board recommends his re-appointment in the interest of the Company.

**III. NOMINATION & CESSATION OF NOMINEE DIRECTOR**

IDBI Bank Limited has withdrawn nomination of Mr. Sonam Bodh (DIN - 06731687) from the Board and instead appointed Mr. P. K. Das (DIN - 06593113) (Chief General Manager - RBG, IDBI Bank Limited, Nagpur), effective 12<sup>th</sup> December, 2014. Further, IDBI Bank Limited has also withdrawn nomination of Mr. P. K. Das (DIN - 06593113), effective 11<sup>th</sup> February, 2015. The Board places on record its appreciation for valuable services and wide contributions made by Mr. Sonam Bodh and Mr. P. K. Das during their respective tenure as a Nominee Director/s of the Company.

**IV. APPOINTMENT OF INDEPENDENT DIRECTOR**

Pursuant to Section 149, 152, Schedule IV of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Listing Agreement/s, Mrs. Neelam Kothari (DIN - 06709241) was appointed as an Additional Director (Non-executive, Independent Director) effective 29<sup>th</sup> September, 2014 and her term is expiring at the conclusion of ensuing Annual General Meeting of the Company.

The Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing her candidature for office of the Director (Non-executive, Independent Director) of the Company.

The Board recommends her appointment as a Non-executive, Independent Director for a fixed term of consecutive five (5) years i.e. from the conclusion of 29<sup>th</sup> Annual General Meeting up to the conclusion of 34<sup>th</sup> Annual General Meeting of the Company in the calendar year 2020.

Except the above, there is no change in the composition of Board of Directors including Key Managerial Personnel during the period under review.

**14. EVALUATION OF BOARD'S PERFORMANCE**

In compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered with the Stock Exchange/s, the performance evaluation of the Board was carried out during the year under review, the details of which are given in the Corporate Governance Report, forms an integral part of this report.

**15. BOARD MEETINGS**

Details about Board Meetings held during the Financial Year 2014 - 2015 are given in the Corporate Governance Report, which forms an integral part of this report.

**16. DECLARATION BY INDEPENDENT DIRECTORS**

The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Section 149(6) of the Companies Act, 2013 and Clause 49 of the Listing Agreement/s with the Stock Exchanges.

**17. REMUNERATION POLICY**

Details about the remuneration policy are given in the Corporate Governance Report, which forms an integral part of this report.

**18. PUBLIC DEPOSITS**

During the year under review, the Company has not accepted any Public Deposits within the meaning of the Companies Act, 2013 read with rules made there under.

**19. PERSONNEL / PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

- a) The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2014-2015 :

Executive Directors	Ratio to Median remuneration
Mr. Ravi Bhushan Bhardwaj - Vice-Chairman & Managing Director	12.86%
Mr. Pranav Bhardwaj - Joint Managing Director	12.50%
Mr. Surendra Kumar Gupta - Whole-time Director designated as Director & CEO	7.97%

- b) The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year :

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Ravi Bhushan Bhardwaj - Vice Chairman & Managing Director	14.75%
Mr. Pranav Bhardwaj - Joint Managing Director	16.97%
Mr. Surendra Kumar Gupta - Whole-time Director designated as Director & CEO	15.14%
Mr. R. Muralidhar - Chief Financial Officer	--
CS Mukesh D Parakh - Company Secretary	--
CS Pranab Panigrahi - Company Secretary	--

- c) The percentage increase in the median remuneration of employees in the financial year : 11.11%

- d) The number of permanent employees on the rolls of Company as on 31<sup>st</sup> March, 2015 : 1440

- e) The explanation on the relationship between average increase in remuneration and Company performance :

On an average, employees received an annual increase of 10% in India. The individual increments varied from 5% to 20%, based on individual performance. In order to ensure that remuneration reflects company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

Employees outside India receiving wage increase : Not Applicable

- f) Comparison of the remuneration of the key managerial personnel against the performance of the Company of the financial year 2014 - 2015 :

Aggregate remuneration of key managerial personnel (KMP)	-	₹ 46,422,199
Revenue	-	₹ 17,625,913,853
Remuneration of KMPs (as % of revenue)	-	0.26%
Profit before Tax (PBT)	-	₹ 527,126,080
Remuneration of KMP (as % of PBT)	-	8.80%

- g) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year :

Particulars	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2014	% Change
Market Capitalization (₹ in lacs)	40,639.48	34,548.07	17.63
Price Earnings Ratio #	15.88	15.89	-0.06

# Based on the official market price quoted at BSE

- h) Percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer :

Particulars	31 <sup>st</sup> March, 2015 (₹)	IPO Date / first listing date	IPO Price (₹)	Adjusted IPO Price by considering CA *	% Change
Market Price (BSE)	22.55	29.03.1988	10.00	N.A.	125
Market Price (NSE)	23.70	29.03.1988	10.00	N.A.	137

\* Adjusted for Corporate Action (CA)

- i) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration :



The average annual increase was around 10%. However, during the course of the year, the total increase is approximately 10%, after accounting for promotions and other event based compensation revisions.

Increase in the managerial remuneration for the year was 11.11%.

j) Comparison of each remuneration of the key managerial personnel against the performance of the Company :

Particulars	Mr. Ravi Bhushan Bhardwaj, Vice-Chairman & Managing Director	Mr. Pranav Bhardwaj Joint Managing Director	Mr. Surendra Kumar Gupta, Whole-time Director designated as Director & CEO	Mr. R. Muralidhar Chief Financial Officer	CS Mukesh D Parakh Company Secretary	CS Pranab Panigrahi Company Secretary
Remuneration (₹)	12,903,968	12,539,720	7,993,461	6,326,400	2,057,079*	1,501,328*
Revenue (₹)	17,625,913,853	17,625,913,853	17,625,913,853	17,625,913,853	17,625,913,853	17,625,913,853
Remuneration as % of revenues	0.073	0.071	0.045	0.036	0.012*	0.009*
Profit before Tax (PBT) (₹)	527,126,080	527,126,080	527,126,080	527,126,080	527,126,080	527,126,080
Remuneration (as % of PBT)	2.448	2.379	1.516	1.200	0.390*	0.285*

\* Not Comparable as figures pertains to part of the financial year

k) The key parameters for any variable component of remuneration availed by the directors :

Variable component of remuneration was based on the prevailing policy of the Company.

l) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year : NIL, Hence Not Applicable

m) Affirmation that the remuneration is as per the remuneration policy of the Company :

The Company affirms remuneration is as per the remuneration policy of the Company.

n) Information as per Section 197 of the Companies Act, 2013 ("the Act") and 5(2) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014, as amended, forms part of this report. However, in terms of Section 136(1) of the Act, the Report and Accounts are being sent to all the shareholders and others entitled to receive the same, excluding the Statement of Particulars of Employees. The Statement is available for inspection by the members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

## 20. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The dividend declared by the Company which remains unpaid / unclaimed for a period of seven (7) years is required to be transferred to the Investor Education & Protection Fund (IEPF) established by the Central Government pursuant to Section 125 of the Companies Act, 2013.

Therefore, Dividend declared / paid at the 22<sup>nd</sup> Annual General Meeting held on 23<sup>rd</sup> September, 2008 and remaining unpaid / unclaimed for Seven (7) years will liable to be transferred to the credit of IEPF Account on **22<sup>nd</sup> September, 2015**. The members are requested to claim their unpaid / unclaimed dividends, if any.

The details of dividends declared and transferred to the credit of IEPF for the earlier financial years is as under :

S No	Particulars of Dividend	Due Date of Transfer to IEPF	Amount Credited to IEPF (₹)
1	Dividend for financial year 2005 - 2006 - Twentieth (20 <sup>th</sup> ) Annual General Meeting held on 28 <sup>th</sup> September, 2006	27.09.2013	1,592,685.00
2	Dividend for financial year 2006 - 2007 - Twenty-first (21 <sup>st</sup> ) Annual General Meeting held on 25 <sup>th</sup> September, 2007	24.09.2014	1,171,767.00

## 21. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company's steel plant is located at Bhandara Road, Warthi Village, Tahsil Mohadi, District Bhandara. It is located at a distance of about 12 kilometers from the district place Bhandara. The unit is surrounded by about 3 villages in the radius of about 5 Kms. The Company is having its captive coal mines at Belgaon, near village Aathmudi in Chandrapur district. The residents of these localities are directly or indirectly associated with the Company. The Company has primarily focused on the development of the residents of these localities.

All the activities / programmes are covered under SISCO CSR are being monitored by the CSR Committee and are implemented by the delegated CSR Sub-committee.

As required, the Annual Report on Corporate Social Responsibility (CSR) activities together with details of expenditure is enclosed herewith as **Annex – A** attached to this Report.

## 22. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annex D** attached to this Report, which forms an integral part of this report.

**23. AUDITORS****I. STATUTORY AUDITORS AND THEIR REPORT :**

M/s. Patel, Shah & Joshi, Chartered Accountants, Mumbai (Firm Registration No. 107768W) - the Statutory Auditors of the Company are eligible and recommended for re-appointment as the Statutory auditors from the conclusion of this meeting until the conclusion of next Annual General Meeting.

The Statutory Auditors have furnished a Certificate of their eligibility for re-appointment under Section 139 of the Companies Act, 2013 read with rules and regulations made there under and are not disqualified for such re-appointment within the meaning of Section 139 and Section 141 of the Companies Act, 2013.

The Auditors' Report to the shareholders for the year under review do not contain any qualification. The observations made by the Auditors in their report are self-explanatory and have also been further amplified in the Notes to the Accounts and do not call for any explanation

**II. COST AUDITORS AND THEIR REPORT :**

Pursuant to Section 148 of the Companies Act 2013, the Board of Directors of the Company on the recommendations of the Audit Committee, appointed M/s. G. R. Paliwal & Company (Membership No. 7815), Cost Accountants, Nagpur as the Cost Auditors of the Company for the financial year 2015-2016 and has recommended their remuneration to shareholders for their ratification at the ensuing Annual General Meeting.

The Cost Auditors have furnished a Certificate of their eligibility for appointment pursuant to Sub-section 3(g) of Section 141 read with Sub-section (5) of Section 148 of the Companies Act, 2013, Certificate for independence and arms length relationship with the Company and are not disqualified for such appointment within the meaning of Section 141(3) of the Companies Act, 2013.

Pursuant to Cost audit (Report) Rules 2001, the Cost Audit Report for the financial year 2013-2014 was filed vide SRN : S31210669 dated 16<sup>th</sup> September, 2014.

**III. SECRETARIAL AUDITORS AND THEIR REPORT :**

CS Mukesh D Parakh (Membership No. FCS-4343 & Certificate of Practice No.13693), Practising Company Secretary has been appointed as the Secretarial Auditors of the Company for the financial year 2014-2015. The Secretarial Audit Report given by Secretarial Auditor is annexed herewith as an **Annex – B**, which is self explanatory and do not call for any further explanation. Further, the said Report do not contain any qualification.

**24. AUDIT COMMITTEE**

The Audit Committee of the Board is under Chairmanship of Dr. E.R.C. Shekar, Non-executive, Independent Director of the Company and consists of CA Jayesh Madhavji Parmar & Mr. S. Gajendran, Non-executive, Independent Directors and Mr. Sonam Bodh (upto 12<sup>th</sup> December 2014), Nominee Director of IDBI Bank Limited, as the Members, as a practice of good Corporate Governance.

Secretary : CS Mukesh D Parakh - Company Secretary (up to 05.08.2014)

Secretary : CS Pranab Panigrahi - Company Secretary (effective 05.08.2014)

**25. NOMINATION AND REMUNERATION COMMITTEE**

Chairman : Dr. E.R.C. Shekar, Independent - Non-executive Director

Members : Mr. S. Gajendran and CA Jayesh M Parmar, (Independent, Non-executive Directors) and Mr. Sonam Bodh (Nominee – IDBI Bank Limited) (up to 12.12.2014) and Executive Directors viz Mr. Ravi Bhushan Bhardwaj, Vice Chairman & Managing Director and Mr. S. K. Gupta, Whole-time Director, designated as Director & CEO of the Company.

Secretary : CS Mukesh D. Parakh - Company Secretary (up to 05.08.2014)

Secretary : CS Pranab Panigrahi - Company Secretary (effective 05.08.2014)

**26. VIGIL MECHANISAM – WHISTLE BLOWER POLICY**

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud / misconduct. The Audit Committee is committed to ensure fraud-free work environment and to this end the Committee has laid down the Whistle Blower Policy providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud / misconduct through any of the following reporting protocols :

The details about Vigil Mechanism- Whistle Blower Policy are given in the Corporate Governance Report, which is forms an integral part of this report.

The Whistle Blower Policy is also available at the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com)

**27. RISK MANAGEMENT POLICY**

The revised Clause 49 of the Listing Agreement mandates constitution of the Risk Management Committee (**RMC**) by the Company. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

The Business Risk Evaluation and Management (BREM) is an ongoing process within the organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. The details viz objectives and scope, committee member and their attendance, are given in the Corporate Governance Report which is forming part of the Annual Report. The Risk Management Policy is also available at the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com)

**28. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions, including the value, if any	Dates of approval by the Board, if any	Amount paid as advance, if any
Sunflag Power Limited - Wholly owned subsidiary	Interest Free Unsecured Loan	Continuing	N.A.	21.05.2014 and ratified on 30.05.2015	₹ 12,93,780/- for the financial year 2014-2015

**29. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES UNDER SECTION 188 OF THE COMPANIES ACT, 2013**

a) Details of contracts or arrangements or transactions not at arm's length basis :

**There are no such transactions and hence not applicable.**

b) Details of contracts or arrangements or transactions at arm's length basis :

**The details of contracts or arrangements or transactions in the ordinary course of business and at arm's length basis are as given below :**

**Form No. AOC – 2**

Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014

Name of the related party and nature of relationship	Nature of contracts / arrangements / transactions	Duration of contracts / arrangements / transactions	Salient terms of the contracts / arrangements / transactions, including the value, if any	Dates of approval by the Board, if any	Amount paid as advance, if any
Haryana Television Limited	Ordinary Course of Business and at Arm's length	Continuing	Rent paid for Company's Godown at Faridabad	21.05.2014 and ratified on 30.05.2015	Rent : ₹ 45,89,906/- for the financial year 2014-2015
Mr. Suhrit Ravi Bhushan Bhardwaj	Ordinary Course of Business and at Arm's length	Continuing	Rent paid for Company's Transit House	21.05.2014 and ratified on 30.05.2015	Rent : ₹ 20,22,480/- for the financial year 2014-2015

**30. CORPORATE GOVERNANCE**

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements set out by SEBI through listing agreement executed with the stock exchanges/s. The Company has also implemented several best corporate governance practices as prevalent globally.

Your Directors are pleased to report that your Company has complied with the SEBI Guidelines on Corporate Governance as of 31<sup>st</sup> March, 2015 relating to Clause 49 of the Listing Agreement with concerned Stock Exchange(s). A Certificate from Statutory Auditors – M/s Patel, Shah & Joshi, Chartered Accountants (Firm Registration No. 107768W), confirming compliance with conditions as stipulated under Clause 49 is annexed to the Corporate Governance Report, which forms an integral part of this report.

**31. CODES OF CONDUCT OF BUSINESS PRINCIPLES & ETHICS AND PREVENTION OF INSIDER TRADING AND OTHER CODES / POLICIES**

Your Directors are pleased to report that your Company has complied with the :

- Code of Conduct of Business Principles and Conduct and Policy on Material Subsidiary
- Code of Prevention of Insider Trading in Sunflag securities by the designated persons / officers (insider) (as amended from time to time)
- Code for Whistle Blower Policy
- Risk Management Policy
- Code for Independent Directors; and
- Code for Corporate Social Responsibility

The aforesaid policies are also available on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com)

**32. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of business. These procedures are designed to ensure :

- that all assets and resources are used efficiently and are adequately protected;
- that all the internal policies and statutory guidelines are complied with; and
- the accuracy and timing of financial reports and management information is maintained.

**33. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report :**

There are no such material changes during this period, hence not applicable.

**34. DIRECTORS' RESPONSIBILITY STATEMENT**

The Board of Directors confirms :

1. that in the preparation of the Annual Financial Accounts, the applicable Accounting Standards had been followed along with proper explanation, relating to material departures;
2. that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that financial year;
3. that the Directors had taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
4. that the Directors had prepared the Annual Financial Statements on a going concern basis;
5. that the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls were adequate and operating effectively; and
6. that the Directors had devised proper system to ensure compliance with the provisions of all applicable laws and regulations and that such systems were adequate and operating effectively.

**35. MATERIAL DEVELOPMENT IN HUMAN RESOURCES****INDUSTRIAL RELATIONS**

During the year under review, industrial relations remained cordial. Employees' competencies and skills were enhanced by exposing them to several internal and external training programmes. Various measures were taken to improve motivation level of employees. Additional efforts are continued to be implemented with a view to obtain commitment and loyalty towards the organization.

**SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE**

Sunflag Iron and Steel Company Limited ("the Company") has in place an **Anti Sexual Harassment Policy** in line with the requirements of the Sexual Harassment of Women at the workplace (Prevention, Prohibition & Redressal) Act, 2013 and **Internal Complaints Committee (ICC)** has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees etc) are covered under this Policy. The Certificate by Managing Director and Deputy Managing Director to that effect is enclosed herewith **Annex E** and forms part of this report.

**HEALTH AND SAFETY**

Departmental safety coordinators are identified for monitoring & training on safety related matter at shop-floor. Safety Committee and Apex Committee are available for periodical review on safety, health & environment of all departments.

Regular Training on Safety is being organized for new joiner, regular employees & contract labour. Mock-drills are conducted for practical exposure to meet emergency need on quarterly basis.

Hand book on safety awareness are distributed to all employees

**36. ENCLOSURES**

- a) Annex – A : Annual Report on Corporate Social Responsibility (CSR) Activities together with expenditure details as Annex-I
- b) Annex – B : Secretarial Auditors Report
- c) Annex – C : Report on Energy Conservation, Technology Absorption and Foreign Exchanges Earnings and Outgo
- d) Annex – D : Extract of Annual Return as of 31<sup>st</sup> March, 2015 in the prescribed Form MGT-9
- e) Annex – E : Certificate on Sexual Harassment of Women at the Workplace and its Prevention, Prohibition & Redressal

**37. ACKNOWLEDGEMENT**

The Directors acknowledge with thanks co-operation and assistance received by the Company from the Members, Central & State Government and Banks. The Directors also record their appreciation of the dedication of all the employees of the Company for their support and commitment to ensure that the Company continues to grow.

For and on behalf of the Board

Nagpur  
12<sup>th</sup> August, 2015

**Pranav Bhardwaj**  
Managing Director  
DIN : 00054805

**Surendra Kumar Gupta**  
Deputy Managing Director  
DIN : 00054836

**ANNEXURE 'A' TO BOARD'S REPORT**
**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

- |  |   |   |
|--|---|---|
| 1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs. | - | <p>1. CSR activities at <b>SUNFLAG STEEL</b> are carried out and monitored mainly through inhouse Departments.</p> <p>2. Collaboration with other Companies undertaking projects / programs in CSR activities, wherever necessary.</p> <p>3. Contribution / donation made to such other Organization / Institutions as may be permitted under the applicable laws from time-to-time.</p> <p>4. Directly by the Company for fulfilling its responsibilities towards various stakeholders.</p> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Companies website and the website <a href="http://www.sunflagsteel.com">www.sunflagsteel.com</a></p> <p>Also, the details of the CSR activities undertaken at <b>SUNFLAG STEEL</b> can be accessed at its aforesaid website.</p> |
| 2. The Composition of the CSR Committee  | - | <p>1. Mr. Ravi Bhushan Bhardwaj - (Chairman)</p> <p>2. Dr. E.R.C. Shekar (Independent Director)</p> <p>3. CA Jayesh M Parmar (Independent Director)</p> <p>4. Mr. Surendra Kumar Gupta (Non-Independent Director)</p>   |
| 3. Average net profit of the company for last three financial years (Amount ₹ in Lacs)   | - | ₹ 1,205.93 Lacs   |
| 4. Prescribed CSR Expenditure [two percent (2%) of the amount as in item 1 above]  | - | ₹ 24.12 Lacs  |
| 5. Details of amt. spent during the financial year on CSR activities:  | - | -   |
| 1. Total amount to be spent for the Financial Year   | - | ₹ 24.12 Lacs  |
| 2. Amount unspent, if any;   | - | The Company has spent ₹ 24.17 Lacs against the mandated ₹ 24.12 Lacs during the Financial year 2014 - 2015. Hence, there is no unspent amount.  |
| 3. Manner in which the amount spent during the financial year :  | - | The manner in which the amount is spent is detailed in the Annex I  |

**Annex – I**
**Expenditure : Financial Year 2014- 2015**

(Amount in ₹)

CSR project or activity identified	Sector in which the Project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads	Cumulative expenditure upto to the reporting period	Amount spent : Direct or through implementing agency
Integrated Rural Development around the manufacturing site of the Company as well as Company's Coal Block at Belgaon, both in the state of Maharashtra	Health Care	In the nearby Villages of Company's Works & Belgaon Coal blocks viz Villages Warthi, Sirsi, Eklari, Atmardi, Dongargaon	428235	428235	2416810	Total amount of ₹ 2416810 spent directly by the Company itself
	Education & Skill development - Upgradation of skills of local youths		427535	427535		
	Environment Sustainability and Protection of Flora & Fauna		262983	262983		
	Rural Development viz Drinking water, rural health & sanitation, construction of cement / marrum roads etc		1293568	1298057		

The CSR Committee confirms that the implementation of CSR Policy is in compliance with the CSR Objectives and Policy of the Company

Mr. Pranav Bhardwaj Managing Director - DIN : 00054805	Mr. Surendra Kumar Gupta Deputy Managing Director - DIN : 00054836	Mr. Ravi Bhushan Bhardwaj Chairman - CSR Committee - DIN : 00054700
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**ANNEXURE 'B'****Form No. MR – 3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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

To

The Members

Sunflag Iron and Steel Company Limited  
C I N - L 27100 MH 1984 PLC 034003  
33, Mount Road, Sadar, Nagpur - 440001

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sunflag Iron and Steel Company Limited** (hereinafter called as '**the Company**'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company, review of management representation letter along with quarterly compliance reports by respective department heads, Company Secretary, Chief Financial Officer, Chief Executive Officer noted and taken on record by the Board of Directors of the Company at their meeting/s and also the information and explanation provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

- i) The Companies Act, 2013 ('the Act') and the rules made there under;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii) The Depositories Act, 1996 and Regulation and Bye-laws framed there under;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under 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') to the extent applicable :
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase scheme) Guidelines, 1999 – Not Applicable to the Company during the audit period;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – Not Applicable to the Company during the audit period;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable to the Company during the audit period;
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – Not Applicable to the Company during the audit period; and
  - i) The other Regulations and Guidelines of the Securities and Exchange Board of India to the extent and as may be applicable to the Company.

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

- i) Secretarial Standards Issued by the Institute of Company Secretaries of India – Not applicable to the Company during the audit period.
- ii) The Listing Agreement/s entered into by the Company with the BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE).

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

I further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company :-

- i) The Competition Act, 2002;
- ii) The Mines Act, 1952 and the Rules made there under;
- iii) The Explosives Act, 1884 and the Rules made there under;
- iv) The Environment (Protection) Act, 1986 and the Rules made there under;
- v) The Forest (Conservation) Act, 1980 and the Rules made there under;
- vi) The Water (Prevention and Control of Pollution) Act, 1974; the allied Act and Rules made there under;
- vii) The Air (Prevention and Control of Pollution) Act, 1981 and the Rules made there under;
- viii) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008
- ix) The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989

- x) The Boilers Act, 1923  
 xi) The Petroleum Act, 1934 and the Rules made there under;  
 xii) The Indian Electricity Act, 1910; The Electricity Act, 2003; and the Rules made there under;  
 xiii) The Legal Metrology Act, 2009

I 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 including women Director. The change 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 of at least seven days in advance was given to all directors to schedule the Board and Committee meetings. Agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, all decisions at the Board and Committee meetings, as the case may be, are carried out unanimously and no dissenting views have been recorded.

I further report that as per the information / explanations given to us and the representation made by the management and relied upon by us, there are adequate systems, processes and control mechanism exist in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable Laws, Rules, Regulations, Guidelines, Standards, etc. to the Company.

I further report that during the audit period, the Company has following specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc :-

- the authorised share capital of the Company was reclassified, with creation of additional 40,000,000(Four crore) equity shares of INR10/- (INR Ten) each, against cancellation of 4,000,000 (Forty lacs) 10% cumulative preference shares of INR 100/- (INR One hundred) each, lying unissued and forming part of the authorised share capital of the Company and consequent amendments to the capital clause of the Memorandum and Articles of Association of the Company under Section 13, 14, 61 and 64 of the Act;
- the issue and allotment of 18,021,945 equity shares of face value of INR 10/- (INR Ten) each at a premium of INR 21/- (INR Twenty one) each, to a Non-promoter foreign body corporate namely Daido Steel Co. Ltd. Japan on preferential allotment basis under Section 42 and 62 of the Act;
- an increase in borrowing limits and creation of charge thereof for a sum not exceeding to INR 10,000,000,000/- (INR One thousand crores) under Section 180 of the Act;
- insertion of clause in Articles of Association of the Company relating to pre-emption right to Daido Steel Co. Ltd., Japan under Section 14 of the Act.

**Nagpur**  
**12<sup>th</sup> August, 2015**

**CS Mukesh D Parakh**  
**Company Secretary in Practice**  
**Membership No. FCS - 4343**  
**C. P. No. 13693**

**Note : The Secretarial Audit Report is to be read with our letter of even date which is annexed as an Annex A and forms an integral part of this Report.**

### **Annex A**

To  
 The Members  
 Sunflag Iron and Steel Company Limited  
 C I N - L 27100 MH 1984 PLC 034003  
 33, Mount Road, Sadar, Nagpur - 440001

My report of even date is to be read along with this letter :-

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

**Nagpur**  
**12<sup>th</sup> August, 2015**

**CS Mukesh D Parakh**  
**Company Secretary in Practice**  
**Membership No. FCS - 4343**  
**C. P. No. 13693**

**ANNEXURE 'C' TO BOARD'S REPORT****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**  
[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]**A. CONSERVATION OF ENERGY****i) The steps taken or impact on conservation of energy :**

The following measures were taken during the year under review for conservation of energy :

- a) Hardening Furnace :  
In house modification of burner block & insulation for optimum heat utilisation to save fuel consumption
- b) Annealing (Auto Bogie Furnace) :  
Old burner replaced by efficient burner and normal ceramic blanket insulation replaced with better brick lining insulation for optimum heat utilisation to save fuel consumption
- c) Switching off one Transformer and shifting off its load to another Transformer to minimise the energy losses
- d) Optimisation and tuning process undertaken in Oxygen Plant to optimise energy conservation

**ii) The steps taken by the Company for utilising alternate source of energy :**

The Company is exploring the possibility of alternate source of energy.

**iii) The capital investment on energy conservation equipments :**

There was no capital investment on energy conservation equipments during the reporting year.

**B) RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION :****i) The efforts made towards technology absorption :**

Development of New grades.

**ii) The benefits derived due to technology absorption :**

New market Development for critical auto components.

**iii) Future Plan :**

- a) Installation of auto inspection line for round bars, consisting of NDT / Ultrasonic Testing Machine.
- b) Installation of Magna flux leakage equipment in the inspection system for inspection of surface defects.
- c) Installation of Eddy Current testing equipment for inspection of surface defects.

**iv) Expenditure on Research and Development :**

S. No.	Particulars	2014-2015	2013-2014
1	Capital (₹ in Lacs)	--	--
2	Recurring (₹ in Lacs)	33.39	97.50
3	Total (₹ in Lacs)	33.39	97.50
4	Total R&D Expenditure as a percentage of net turnover	0.02%	0.061%

**C) FOREIGN EXCHANGE EARNINGS AND OUTGO**

(₹ in Lacs)

Particulars	2014-2015	2013-2014
i) Earnings : Export of Goods	7,967	8,026
ii) Out Go		
a) CIF Value of imports	9,921	4,491
b) Others including Technical Services	91	181

For and on behalf of the Board

**Nagpur**  
**12<sup>th</sup> August, 2015**

**Pranav Bhardwaj**  
Managing Director  
DIN : 00054805

**Surendra Kumar Gupta**  
Deputy Managing Director  
DIN : 00054836



**ANNESURE 'D' TO BOARD'S REPORT**
**Form No. MGT - 9**
**EXTRACT OF ANNUAL RETURN AS ON 31.03. 2015**

[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 :**

1. CIN	-	L27100MH1984PLC034003
2. Registration Date	-	12 <sup>th</sup> September, 1984
3. Name of the Company	-	Sunflag Iron and Steel Company Limited
4. Category / Sub-Category of the Company	-	Public Limited Listed Company having Share Capital
5. Address of the Registered office and contact details	-	33, Mount Road, Sadar, Nagpur - 440001 (Maharashtra)
6. Whether listed Company Yes/No	-	Yes (BSE & NSE)
7. Name, Address and Contact details of Registrar and Tranfer Agent, if any	-	M/s Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400072 (Maharashtra)

**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 :

Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
Steel & Steel Products (Rolled Products)	2410	98.03

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

Sr. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1.	Sunflag Power Limited	U31200UR2003PLC027802	Subsidiary	99.88	2(87)
2.	Khappa Coal Company	U10100MH2009PTC191907	Subsidiary	63.27	2(87)
3.	Sunflag Special Steels Limited	U27102OR2003PLC007099	Subsidiary	99.88	2(87)
4.	C T Mining Private Limited	U10100JH2008PTC013329	Associate	31.80	2(6)
5.	Madanpur (North) Coal Company Pvt Ltd	U10101CT2007PTC020161	Associate	11.7318	2(6)
6.	Gujarat State Mining & Resources Co. Ltd.	U10200GJ2010SGC060302	Associate	49.00	2(6)
7.	Daido D M S India Private Limited	U281113HR2015FTC054839	Associate	20.00	2(6)

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

Category of Shareholders	No of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total Shares	% of Total	Demat	Physical	Total Shares	% of Total	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/HUF	1612140	--	1612140	0.99	1612140	--	1612140	0.89	No Change
b) Central Govt.	--	--	--	--	--	--	--	--	--
c) State Govt.(s)	--	--	--	--	--	--	--	--	--
d) Bodies Corporate	8333356	--	8333356	5.14	8333356	--	8333356	4.62	No Change
e) Banks/FI	--	--	--	--	--	--	--	--	--
f) Any Other	--	--	--	--	--	--	--	--	--
<b>Sub-total (A-1)</b>	<b>9945496</b>	<b>--</b>	<b>9945496</b>	<b>6.13</b>	<b>9945496</b>	<b>--</b>	<b>9945496</b>	<b>5.51</b>	<b>No Change</b>
<b>A. Promoters (2) Foreign</b>									
a) NRIs- Individuals	13217398	--	13217398	8.15	13217398	--	13217398	7.33	No Change
b) Other Individuals	--	--	--	--	--	--	--	--	--
c) Bodies Corporate	--	65253582	65253582	40.23	--	65253582	65253582	36.21	No Change
d) Banks / FI	--	--	--	--	--	--	--	--	--
e) Any Other...	--	--	--	--	--	--	--	--	--
<b>Sub-total (A-2)</b>	<b>13217398</b>	<b>65253582</b>	<b>78470980</b>	<b>48.38</b>	<b>13217398</b>	<b>65253582</b>	<b>78470980</b>	<b>43.54</b>	<b>No Change</b>
<b>Total shareholding of Promoter(A) (A-1) + (A-2)</b>	<b>23162894</b>	<b>65253582</b>	<b>88416476</b>	<b>54.51</b>	<b>23162894</b>	<b>65253582</b>	<b>88416476</b>	<b>49.06</b>	<b>No Change</b>

Category of Shareholders	No of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total Shares	% of Total	
<b>B. Public Shareholding</b>									
<b>1) Institutions</b>									
a) Mutual Funds	--	88000	88000	0.054	--	88000	88000	0.048	No Change
b) Banks / FI	1070	88800	89870	0.055	19731	88800	108531	0.060	0.01
c) Central Govt.	--	--	--	--	--	--	--	--	--
d) State Govt(s)	--	--	--	--	--	--	--	--	--
e) Venture Capital Funds	--	--	--	--	--	--	--	--	--
f) Insurance Companies	--	1100	1100	0.0007	--	1100	1100	0.0006	No Change
g) FIs	50000	--	50000	0.031	50000	--	50000	0.028	No Change
h) Foreign Venture Capital Funds	--	--	--	--	--	--	--	--	--
i) Others (specify)	--	--	--	--	--	--	--	--	--
<b>Sub-total (B) (1)</b>	<b>51070</b>	<b>177900</b>	<b>228970</b>	<b>0.141</b>	<b>69731</b>	<b>177900</b>	<b>247631</b>	<b>0.137</b>	<b>0.01</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate	--	--	--	--	--	--	--	--	--
i) Indian	11308933	72850	11381783	7.017	9900982	72950	9973932	5.534	(0.78)
ii) Overseas	--	--	--	--	18021945	--	18021945	10.000	10.00
b) Individuals									
i) Individuals shareholders holding nominal share capital upto ₹ 1 lakh	19604279	7536570	27140849	16.733	17415345	7416207	24831552	13.778	(1.28)
ii) Individual shareholders holding nominal share capital in excess of ₹ one lac	34272319	76400	34348719	21.177	38112170	76400	38188570	21.190	2.13
c) Others (specify) (NRIs, Trust, Clearing Members/Corp.)	673554	7152	680706	0.419	532290	7052	539342	0.299	(0.08)
<b>Sub-total (B) (2) :</b>	<b>65859085</b>	<b>7692972</b>	<b>73552057</b>	<b>45.347</b>	<b>83982732</b>	<b>7572609</b>	<b>91555341</b>	<b>50.802</b>	<b>09.99</b>
<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>65910155</b>	<b>7870872</b>	<b>73781027</b>	<b>45.488</b>	<b>84052463</b>	<b>7750509</b>	<b>91802972</b>	<b>50.939</b>	<b>10.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	--	--	--	--	--	--	--	--	--
<b>Grand Total(A+B+C)</b>	<b>89073049</b>	<b>73124454</b>	<b>162197503</b>	<b>100.000</b>	<b>107215357</b>	<b>73004091</b>	<b>180219448</b>	<b>100.000</b>	<b>10.00</b>

**ii) Shareholding of Promoters**

Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change 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	
Sunflag Ltd., Channel Island, UK	65253582	40.23	0	65253582	36.21	0	} Refer Note*
Suhrit Ravi Bhushan Bhardwaj	13217398	8.15	0	13217398	7.33	0	
Supra Corporation Limited	8333356	5.14	0	8333356	4.62	0	
Pranav Bhardwaj	912140	0.56	0	912140	0.51	0	
Ravi Bhushan Bhardwaj	700000	0.43	0	700000	0.39	0	
<b>Total</b>	<b>88416476</b>	<b>54.51</b>	<b>0</b>	<b>88416476</b>	<b>49.06</b>		

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

Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares the Company	% of total shares of	No. of shares the Company	% of total shares of
At the beginning of the year Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc) : At the End of the year				

Refer Note \*

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

Name of the Top 10 (ten) Shareholders	For the Financial Year 2014-2015			
	Opening	Acquisition	Disposal	Closing
1. Daido Steel Co. Ltd., Japan	-- (0.00%)	18021945 (10.00%)	--	18021945 (10.00%)
2. Usha B Sanghavi	5443043 (3.36%)	2097117 (1.16%)	--	7540160 (4.18%)
3. Kanwaljit Singh Bakshi	5000000 (3.08%)	--	--	5000000 (2.77%)
4. Bhupendra G Sanghavi	4361860 (2.69%)	1058370 (0.59%)	--	5420230 (3.01%)
5. Baijnath Maniram Holding & Finance Co. Pvt. Ltd.	3000000 (1.85%)	--	522941 (0.29%)	2477059 (1.37%)
6. Dharendra B Sanghavi	2569675 (1.58%)	1169108 (0.65%)	--	3738783 (2.07%)
7. Bhupendra G Sanghavi	1868267 (1.15%)	591708 (0.32%)	--	2459975 (1.36%)
8. Baijanath Maniram Holding & Finance Co. Pvt. Ltd.	1600000 (0.99%)	--	210000 (0.12%)	1390000 (0.77%)
9. Baijanath Maniram Holding & Finance Co. Pvt. Ltd.	947793 (0.58%)	--	17370 (0.01%)	930423 (0.52%)
10. S.N. Damani Holdings Private Limited	800000 (0.49%)	--	--	800000 (0.44%)

**v) Shareholding of Directors and Key Managerial Personnel & their relatives :**

Names	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares the Company	% of total shares of	No. of shares the Company	% of total shares of
1. Mr. Surendra Kumar Gupta, Whole-time Director designated as Director & CEO (KMP)	9650	0.006	0	0.00
2. Dr. E.R.C. Shekar, Independent Director	2000	0.0012	2000	0.0011
3. Mr. R. Muralidhar, Chief Financial Officer (CFO - KMP)	8000	0.0049	8000	0.0044
4. Mrs. Rajyalakshmi Rambhatla (Relative to CFO - KMP)	900	0.0006	900	0.0005
5. CS Mukesh D Parakh, Company Secretary - KMP	3100	0.002	3100	0.002
6. CS Pranab Panigrahi, Company Secretary - KMP	0	0.00	0	0.00

\* During the year under review, the Company has issued 18021945 equity shares representing 10% of the enhanced equity share capital of the Company to Daido Steel Co. Ltd., Japan on preferential basis. Accordingly, there is a change in percentage of shareholding though there is no change in number of shares held.

**V. INDEBTEDNESS AS ON 31.03.2015**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,964,136,550	708,551,089	--	4,672,687,639
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	12,201,900	--	--	12,201,900
<b>Total (i+ii+iii)</b>	<b>3,976,338,450</b>	<b>708,551,089</b>	<b>--</b>	<b>4,684,889,539</b>
<b>Change in Indebtedness during the financial year</b>				
i) Addition	--	--	--	--
ii) Reduction	502,240,637	55,623,853	--	557,864,490
Net Change	502,240,637	55,623,853	--	557,864,490
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	3,462,873,344	652,927,239	--	4,115,800,580
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	11,224,469	--	--	11,224,469
<b>Total (i+ii+iii)</b>	<b>3,474,097,813</b>	<b>652,927,236</b>	<b>--</b>	<b>4,127,025,049</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration paid to Managing Director, Whole-time Directors and/or Manager during the year 2014-2015 :**

(Amount in ₹)

S N	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Mr. Ravi Bhardwaj	Mr. Pranav Bhardwaj	Mr. S. K. Gupta	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11,644,984	11,013,481	7,778,400	30,436,865
	b) Value of prerequisites u/s 17(2) Income-tax Act, 1961	585,592	852,847	215,061	1,653,500
	c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission	673,392	673,392	--	1,346,784
	- as % of profit	--	--	--	--
	- others, specify	--	--	--	--
5.	Others, pleas specify	--	--	--	--
	<b>Total (A)</b>	<b>12,903,968</b>	<b>12,539,720</b>	<b>7,993,461</b>	<b>33,437,149</b>
6.	Less :Amt. recovered against excess remuneration paid during the Financial Year 2013 - 2014 pursuant to the order of the Central Government	<b>3,253,879</b>	<b>3,102,241</b>	<b>1,591,704</b>	<b>7,947,824</b>
	<b>Grand Total (A)</b>	<b>9,650,089</b>	<b>9,437,479</b>	<b>6,401,757</b>	<b>25,489,325</b>

Ceiling as per the Act

10% of the Profit calculated as per Section 197 of the Companies Act, 2013

(Amount in ₹)

**B. Particulars of provision for Remuneration to other directors:**

Name of Directors	Sitting Fees	Commission*	Others*	Total Amount
<b>A. Independent Directors</b>				
1. Dr. E.R.C. Shekar	88,500	100,000	--	188,500
2. Mr. Gajendran	87,000	100,000	--	187,000
3. CA Jayesh M Parmar	66,000	100,000	--	166,000
4. Mr. K J Singh*	18,000	65,000	--	83,000
5. Mr. Sonam Bodh/Mr. PK Das (Nominee IDBI)*	24,000	87,000	--	111,000
6. Mrs. Neelam Kothari*	25,500	50,000	--	75,500
<b>Total A</b>	<b>309,000</b>	<b>502,000</b>	<b>--</b>	<b>811,000</b>
<b>B. Other Non-Executive Directors</b>				
Mr. P.B. Bhardwaj	--	2,598,243	--	2,598,243
<b>Total B</b>	<b>--</b>	<b>2,598,243</b>	<b>--</b>	<b>2,598,243</b>
<b>Total A + B</b>	<b>309,000</b>	<b>3,100,243</b>		<b>3,409,243</b>
<b>Total Remuneration paid to Non-Executive Directors (excluding sitting fees)</b>				<b>3,100,243</b>
Overall Ceiling as per the Act				1%

\* Provision for Commission for the Financial Year 2014 - 2015 is in proportion of their respective tenure as a Director of the Company.

**C. Remuneration paid to key Managerial personnel other than MD/ Manager / WTD during the year 2014 - 2015 :**

(Amount in ₹)

Particulars of Remuneration	Mr. R. Muralidhar Chief Financial Officer	CS Mukesh D Parakh Company Secretary (upto 05.08.2014)	CS Pranab Panigrahi Company Secretary (effective 05.08.2014)	Total
Gross salary				
a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6,138,400	2,057,079	1,501,238	9,696,717
b) Value of perquisites u/s 17(2) Income-tax Act, 1961	188,000	--	--	188,000
c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--
Stock Option	--	--	--	--
Sweat Equity	--	--	--	--
Commission				
- as % of profit	--	--	--	--
- others, specify	--	--	--	--
Others, please specify				
<b>Total</b>	<b>6,326,400</b>	<b>2,057,079</b>	<b>1,501,238</b>	<b>9,884,717</b>

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment Compounding fees imposed	Authority [RD/NCLT/ Court]	Appeal made if any (give Details)
<b>A. COMPANY</b> Penalty Punishment Compounding			<b>NIL - Hence Not Applicable</b>		
<b>B. DIRECTORS</b> Penalty Punishment Compounding			<b>NIL - Hence Not Applicable</b>		
<b>C. OTHER OFFICERS IN DEFAULT</b> Penalty Punishment Compounding			<b>NIL - Hence Not Applicable</b>		

For and on behalf of the Board

Nagpur  
12<sup>th</sup> August, 2015Pranav Bhardwaj  
Managing Director  
DIN : 00054805Surendra Kumar Gupta  
Deputy Managing Director  
DIN : 00054836

**ANNEXURE 'E' TO BOARD'S REPORT****CERTIFICATE****Sexual Harassment of Women at the Workplace and its Prevention, Prohibition & Redressal**

*[Pursuant to Section 22 & 28 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013]*

This is to certify that :

Sunflag Iron and Steel Company Limited ("the Company") has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees etc) are covered under this Policy.

The following is the Summary of sexual harassment complaints received and disposed off during the year under review i.e. Financial Year 2014 -2015 :

Number of Complaints received	<b>NIL</b>
Number of Complaints disposed off	<b>NA</b>

**Nagpur**  
**12<sup>th</sup> August, 2015**

For and on behalf of the Board

**Pranav Bhardwaj**  
Managing Director  
DIN : 00054805

**Surendra Kumar Gupta**  
Deputy Managing Director  
DIN : 00054836

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## MANAGEMENT DISCUSSION AND ANALYSIS

Sunflag Iron and Steel Company Limited (*SUNFLAG STEEL*) had set up a 'state of the art' integrated Steel plant at Warthi, Bhandara Road to produce high quality Special Steel with manufacturing facilities like Sponge Iron Plant, Mini Blast Furnace, Sinter Plant, Captive Power Plant and Rolling Mills.

*SUNFLAG STEEL* has established itself as a major global force. With the modern complex pulsating with world class technology, expert human resources and a commitment to excellence, *SUNFLAG STEEL* has become a reputed supplier in Flat Bars, Round Bars, Bright Bars and Wire Rods of Alloy Steel, Spring Steel and Stainless Steel and captured better position in these market segments. *SUNFLAG STEEL* is also embarking on an export thrust and is regularly supplying to various customers in South East Asian, African, Middle East and South American countries.

Further, due to implementation of Blooming Mill, *SUNFLAG STEEL* can cater to foreign as well as indigenous customers of their needs of Rolled Products for higher sections and thus offering a better product mix. The Blooming Mill will yield better quality of higher size rolled products and Bloom/Ingots due to better compression ratio and more specifically used in the critical applications like crank shaft quality and it can be supplied to Original Equipment Manufactures (**OEM**).

### ECONOMIC SCENARIO AND OUTLOOK

#### I) GLOBAL ECONOMIC SCENARIO & OUTLOOK

##### A) ECONOMIC SCENARIO

The world economic growth remained modest at 3.4% in year under review, amidst divergent growth trend in advanced and emerging economies. Although, the developed economies led by the US & UK continued to strengthen, however the growth in most emerging economies slowed down during the year under review with majority of oil exporting economies were under slowdown due to a sharp drop in oil prices. Despite their slower growth, emerging markets and developing economies still accounted for three-fourths of global growth in year under review.

During year under review, slowing demand in some of the major developing economies led to the softening in crude and other global commodity prices. Though the price correction created financial stress in oil exporting countries and also resulted in disinflationary environment in many oil importing economies, it is expected to be a net positive to world economy in the short to medium term – especially for oil/commodity importing economies like India.

##### B) OUTLOOK

The global steel demand during the year under review is expected to increase by 0.5% to 1,544 Million Tonnes, while in year 2016-2017 it is projected to grow by 1.4% to 1,566 Million Tonnes. Steel demand in the developed economies is projected to grow by 0.2% in year 2015-2016 and by 1.8% in year 2016-2017. Chinese steel demand is projected to record a negative growth of 0.5% in year 2015-2016 as well as in 2016-2017.

#### II) INDIAN ECONOMIC SCENARIO & OUTLOOK

##### A) ECONOMIC SCENARIO

The Indian economy, supported by lower oil prices, improved FDI inflows and pro-growth economic reforms initiated by new Government saw a moderate improvement in growth momentum during Financial Year 2014-2015; some of the key macroeconomic indicators also strengthened over the year.

##### Highlights

- The Indian economic growth improved to 7.3% in Financial Year 2014-2015 as compared to 6.9% in Financial Year 2013-2014. While the agriculture sector grew at 0.2%, it is manufacturing that leads the growth at 7.1% during Financial Year 2014-2015.
- Several policy measures taken by the Reserve Bank of India (RBI) and the Government, supported by lower global crude oil prices, resulted in:
  - Decline in inflation during the year; consumer price inflation is expected to be between 5.0-5.5% range during 2015-2016.
  - The Current Account Deficit (CAD) narrowed to 1.3% of GDP during Financial Year 2014-2015 compared to 1.7% in Financial Year 2013-2014.
- The Government had strong focus on fiscal consolidation. As a result, the Gross Fiscal Deficit (GFD) declined to 4.1% in Financial Year 2014-2015 and is budgeted to decline further to 3.9% in Financial Year 2015-2016.

##### B) OUTLOOK

The Indian economy is on a path of gradual recovery. The government has undertaken several steps to unplug the bottlenecks and to revive the business confidence. The Indian economy stands to benefit from the correction in global crude oil prices, will have positive impact on the macro economy in form of lower inflation, reduced current account deficit, healthier fiscal accounts, increased consumption and a stable INR. Indian economy is among a few economies globally for which economic growth forecast has been raised by the IMF. The IMF has raised its India GDP growth estimates for Financial Year 2015-2016 to 7.5%.

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Financial Year	2012 - 2013	2013 - 2014	2014 - 2015	2015 - 2016
India GDP Growth Rate (in %)	5.1	6.9	7.3	7.5(Projected)

(Source: IMF)

In 2015 - 2016, steel demand is expected to grow by 6% to 7%. However, a much sharper than expected increase in inflation and higher than budgeted fiscal consolidation are the key downside risks to the outlook, highlights World Steel Association.

**INDIAN STEEL, AUTOMOBILE AND AUTO COMPONENT INDUSTRY**

Indian steel industry faced several challenges during the year. On the other hand, the finished steel imports surge by 71% specially from the surplus economies of China, Korea, Japan and Russia. Korea & Japan enjoys reduced import tariffs under the Free Trade Agreement (FTA) with India. At the same time finished steel exports from India also decreased by 8.1% y-o-y to 5.5 Million Tonnes. Despite a sharp 50% fall in global iron ore prices, between April, 2014 and March, 2015 (Average CFR North China Index), prices in the domestic market experienced a milder correction of 15% due to shortages that arise due to restriction / ban on mining operations in the key producing states of Goa, Karnataka, Odisha and Jharkhand.

**STEEL SECTOR – THREATS AND CHALLENGES**

- Surging imports in absence of adequate tariff and non-tariff barriers against the dumping of steel and FTAs providing very low duty protection
- The shutting down of mining operations has resulted in scarcity of iron ore and affected prices. Further, the quality of the available iron ore also remained a challenge
- Non-satisfactory Infrastructure development resulted in curtailing growth prospects
- Due to addition of capacities, there was a supply-demand imbalance, while the demand remained subdued, which had negative impact on the plant utilisation and steel prices
- Anti-social movements, Geopolitical tensions, disruptions in the global trade and investments
- Surplus installed capacities and low capacity utilisations
- Slowing demand growth across geographies
- Subdued growth of the manufacturing sector impacting demand
- Increased threat of higher trade barriers

**OPPORTUNITIES**

*SUNFLAG STEEL* see better opportunities in the years to come due to continuous developments of new grades of high alloy steel as well wire rod. Further, venturing into the self dependency of raw material will help in decreasing in the cost of production and enhancing the profitability. This has even proved advantageous during the recessionary period which is very good sign for the Company.

**MATERIAL DEVELOPMENT**

*SUNFLAG STEEL* was not able to maintain its profitability mainly due to marginal rise in selling prices of its products versus abnormal rise in the cost of inputs such as iron ore, pig iron and coke and largely due to overall decelerated global and Indian economic growth.

In order to achieve effective cost reduction and improvement in productivity, activity of total productive maintenance (TPM) continued to be implemented by the Company during the year under review.

**COSTS – STEEL BUSINESS**

During the year under review, the economy witnessed an upward movement in overall cost structure and the Company continued to focus on cost improvements through Total Productive Maintenance (TPM) and strict cost reduction policies, wherever applicable.

**CAUTIONARY STATEMENT**

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

For and on behalf of the Board

**Nagpur**  
**12<sup>th</sup> August, 2015**

**Pranav Bhardwaj**  
Managing Director  
DIN : 00054805

**Surendra Kumar Gupta**  
Deputy Managing Director  
DIN : 00054836



## CORPORATE GOVERNANCE REPORT

At **SUNFLAG STEEL**, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with the Company's ongoing contributions to the local communities through meaningful "Corporate Social Responsibility" initiatives will play a pivotal role in fulfilling our renewed vision to be the most sustainable and competitive Company in our industry and our mission to create value for all our stakeholders.

Your Company has already implemented the Code of Corporate Governance as prescribed by SEBI in terms of amended Clause 49 of the Listing Agreement with the Stock Exchange(s). As per the amended / revised Clause 49 of Listing Agreement, your Company has approved '**SISCO Code of Business Principles and Conduct**' for Board members as well as members of Senior Management and the same are posted on the Company's website also. The Company is also following the '**SISCO Code for Prevention of Insider Trading**' as per SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended and SEBI (Prohibition of Insider Trading) Regulations, 2015. Also, the Company has implemented **Corporate Social Responsibility Policy** and **Whistle Blower Policy** at its place in compliance with the Companies Act, 2013 and formulated the committees accordingly.

The detailed compliance report on the Corporate Governance for the year 2014 - 2015 is as follows :

### MANDATORY REQUIREMENTS

#### 1) SUNFLAG PHILOSOPHY ON CORPORATE GOVERNANCE

The Board of Directors and Management of Sunflag Iron and Steel Company Limited commit themselves to :

- i) Strive hard towards enhancement of shareholders' value through
  - sound business decisions,
  - prudent financial management and
  - high standard of ethics throughout the organisation.
- ii) Ensure transparency and professionalism in all decisions and transactions of the Company.
- iii) Achieve excellence in Corporate Governance by
  - conforming to and exceeding wherever possible, the prevalent mandatory guidelines on Corporate Governance.
  - regularly reviewing the Board processes and management systems for further improvement.
- iv) Ensure safety, health and environment management by making it an integral part of the Company's business strategy and to actively promote awareness of safety, health and environment issues throughout the Company and to our business partners.
- v) Implement, maintain and continuously improve an environment management system.
- vi) Achieve excellence in all activities by implementing Total Productive Maintenance (TPM) with the involvement of all employees to reduce cost, increase productivity & improve quality continuously with the aim of achieving "**Zero Failure, Zero Defect and Zero Accident**"

#### 2) BOARD OF DIRECTORS

a) **Composition** : The Board of Directors of the Company as of 31<sup>st</sup> March, 2015 consisted of :

Non-Executive Directors	Executive Directors
<p><b>Promoter Group</b> Mr. P. B. Bhardwaj - DIN : 00136076</p> <p><b>Non-Promoter Group - Independent</b> Dr. E.R.C. Shekar - DIN : 00013670 Mr. S. Gajendran - DIN : 00250136 CA Jayesh M Parmar - DIN : 00802843 Mr. Kumar Jitendra Singh - DIN : 00626836 Mrs. Neelam Kothari - DIN : 06709241</p>	<p><b>Promoter Group</b> Mr. Ravi Bhushan Bhardwaj - DIN : 00054700 Mr. Pranav Bhardwaj - DIN : 00054805</p> <p><b>Non-Promoter Group</b> Mr. Surendra Kumar Gupta - DIN : 00054836</p>

**Note** : During the financial year under review :

IDBI Bank Limited has withdrawn nomination of Mr. Sonam Bodh (DIN : 06731687) from the Board and instead nominated Mr. P. K. Das (DIN :06593113 (Chief General Manager - RBG, IDBI Bank Limited, Nagpur), effective 12<sup>th</sup> December 2014. Further, IDBI Bank Limited has also withdrawn nomination of Mr. P. K. Das (DIN : 06593113), effective 11<sup>th</sup> February 2015. The Board places on record its appreciation for valuable services and wide contributions made by Mr. Sonam Bodh and Mr. P. K. Das during their respective tenure as a Nominee Director/s of the Company.

In compliance with the provisions of the Companies Act 2013 and Listing Agreements entered with Stock Exchange/s, Mr. Kumar Jitendra Singh (DIN : 00626836) and Mrs. Neelam Kothari (DIN : 06709241) (Woman Director) were appointed as a Non-executive, Independent Director/s effective 5<sup>th</sup> August 2014 and 29<sup>th</sup> September 2014 respectively.

**b) Meetings, agenda and proceedings etc. of the Board of Directors :**
**Attendance at the Board Meetings; last Annual General Meeting and details of membership/partnership of Directors in other Boards.**

- Eight (8) meetings of the Board of Directors were held on 21.05.2014, 09.07.2014, 05.08.2014, 11.09.2014, 26.09.2014, 07.11.2014, 06.02.2015 and 19.03.2015 during the financial year under review.
- An Extra-ordinary General Meeting (EGM) was held on 05.08.2014 during the financial year under review.
- Last Annual General Meeting (AGM) was held on 26.09.2014

Sr. No.	Name of Director	No. of Board Meetings Attended	Whether Attended last AGM	Directorship in other Companies	Partnership in LLP	Committee Membership of SISCO
1	Mr. P. B. Bhardwaj	1	Yes	3	--	1
2	Mr. Ravi Bhardwaj	8	Yes	4	--	4
3	Mr. Pranav Bhardwaj	3	--	6	--	2
4	Dr. E. R. C. Shekar	7	--	4	--	6
5	Mr. Sonam Bodh (#)	2	--	1	--	2
6	Mr. P. K. Das (##)	--	--	--	--	--
7	Mr. S. Gajendran	8	Yes	2	--	3
8	CA Jayesh M Parmar	6	Yes	5	1	4
9	Mr. Kumar Jitendra Singh (*)	3	--	1	--	--
10	Mrs. Neelam Kothari (**)	3	--	--	2	--
11	Mr. Surendra Kumar Gupta	8	Yes	7	--	5

Membership in other Companies denotes other than Foreign Companies.

# Cesaed to be the Nominee Director effective 12<sup>th</sup> December, 2014

## Nominated effective 12<sup>th</sup> December, 2014 and ceased to be the Nominee Director effective 11<sup>th</sup> February, 2015

\* Appointed effective 5<sup>th</sup> August, 2014

\*\* Appointed effective 29<sup>th</sup> September, 2014

**c) Separate Meeting of Independent Directors :**

As stipulated by the Sechule - IV Code of Independent Directors under the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors of the Company was held on 19<sup>th</sup> March, 2015 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its Committees which is necessary to effectively and reasonably perform and discharge their duties.

**d) Appointment of Woman Director :**

As per the provisions of the Companies Act 2013, the Company has appointed Mrs. Neelam Kothari - DIN : 06709241, a qualified Chartered Accountants and Cost Accountants from Mumbai on the Board of the Company as an Additional Director - Non-executive, Independent effective 29<sup>th</sup> September, 2014 and her office of Directorship will be confirmed at the ensuing Annual General Meeting.

**e) Induction & Training of Board Members :**

On appointment, a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments was issued to the concerned Director/s. Every such newly appointed Director is taken through a formal induction program including the presentation from the Managing Director & CEO on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director/s about their legal and regulatory responsibilities as a Director. The induction for Director/s include interactive sessions with Executive Committee Members, Business and Functional Heads, visit to the manufacturing site etc. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.

**f) Evaluation of the Board's Performance :**

During the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & obligations, governance issues, etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings, independent judgement, safeguarding of minority shareholders interest, and otherwise, etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

**g) Agenda :**

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board, Committees and Subsidiaries for the information of the Board. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. Agenda papers are generally circulated seven days prior to the Board Meeting. In addition, for any business exigencies, subject to provisions of the Act, the resolution/s are passed by circulation and later placed in the ensuing Board Meeting for ratification / approval.

The Companies Act, 2013 read with the relevant rules made there under, now facilitates the participation of a Director in Board / Committee Meetings through video conferencing or other audio visual mode. Accordingly, the option to participate in the meeting through video conferencing (subject to technical aspects) was made available for the Directors except in respect of such meetings / items which are not permitted to be transacted through video conferencing.

The Board periodically reviews the items required to be placed before it and in particular, reviews and approves quarterly/half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure. It monitors overall operating performance, progress of major projects and review such other items which require Board's attention. It directs and guides the activities of the management towards the set goals and seeks accountability. It also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with laws and regulations. The agenda for the Board meeting covers items set out as guidelines in Clause 49 of the Listing Agreement to the extent these are relevant and applicable to the Company.

**h) Invitees & Proceedings :**

Apart from the Board members, the Company Secretary is Secretary to Board and all Committees and the Chief Financial Officer (CFO) is invited to attend the Board Meetings. Other senior management executives are called as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating - financial performance and capital expenditure budget. The Managing Director, CFO and other senior executives make presentations on capital expenditure proposals & progress, operational health & safety and other business issues. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

**i) Post Meeting Action :**

Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Company Secretary for the action taken / pending to be taken.

**j) Support and Role of Company Secretary :**

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

**k) BRIEF PROFILE OF DIRECTORS****Mr. P. B. Bhardwaj - Non-Executive Chairman (DIN : 00136076)**

Mr. P. B. Bhardwaj, 78, Non-executive Chairman, is from the renowned Industrial family. He was instrumental in setting up the state of the art integrated Steel plant of Sunflag Iron and Steel Company Limited at Warthi, Bhandara Road, Bhandara in the state of Maharashtra and is associated with the Company since its inception in the year 1984. He has rich and varied experience in various fields of steel, textiles, knitting etc. He is Chairman in Share transfer committee of the Company. He is not holding any equity shares in the capital of the Company.

**Mr Ravi Bhushan Bhardwaj - Vice-Chairman & Managing Director (DIN : 00054700)**

Mr. Ravi Bhushan Bhardwaj, 72, hails from a renowned family of industrialists and an industrial entrepreneur himself. He has vast experience in various industries and particularly, Steel and Textile industry. He is associated with the Company since its inception and since year 1998, working as the Vice-Chairman and Managing Director of the Company.

Subject to the superintendence, control and direction of the Board of Directors, Mr. Ravi Bhushan Bhardwaj was overall in-charge of running the business affairs of the Company. As a Vice-Chairman & Managing Director, he had successfully led the Company by his unstinted efforts and wide contributions, which resulted into a turnaround overall performance. The Company had made remarkable growth under his leadership. He is Chairman of Corporate Social Responsibility (CSR) Committee and member of Share Transfer Committee; Stakeholders' Relationship Committee and Nomination & Remuneration Committee and as an Invitee to Audit Committee of the Company. He is holding 700,000 (0.39%) equity shares in the capital of the Company.

**Mr Pranav Bhardwaj - Joint Managing Director (DIN : 00054805)**

Mr. Pranav Bhardwaj, 42, is a British National and person of India origin. He has graduated as B.Sc. Majoring in Chemistry and Business Management (Joint Honors Degree) from the world renowned Imperial College of London. He is a member of Stakeholders' Relationship Committee and Share Transfer Committee of the Company. He is holding 912,140 (0.51%) equity shares in the capital of the Company. He is also holding the position of Vice-Chairman at the prestigious The Alloy Steel Producers Association of India (ASPA).

**Dr. E.R.C. Shekar - Non-Executive, Independent Director (DIN : 00013670)**

Dr. E.R.C. Shekar, 83, is graduated in the Metallurgical Engineering and awarded Doctorate in that field. He was the Managing Director of Steel Authority of India Limited (SAIL). He has gained nearly five decades of experience in steel making and marketing. He is associated with Sunflag since 1991 as Non-executive, Independent Director. He is Chairman of the Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee and Risk Management Committee and also a member of Share Transfer Committee and Corporate Social Responsibility Committee of the Board. He is holding 2,000 (0.001%) equity shares in the capital of the Company.

**Mr. S. Gajendran - Non-Executive, Independent Director (DIN : 00250136)**

Mr. S. Gajendran, 71, is graduated from Madras University as Electrical Engineer and started his career with Bharat Earth Movers Limited, Bangalore in 1969. After that, he joined Tamilnadu Electricity Board in 1970 and served the Board in various capacities in rural areas and Chennai. He then joined IDBI in 1979 and served in various capacities and handling projects appraisal, follow-up of large industrial concerns, etc. He retired from IDBI services in year 2004 as a Director JNIDB.

He is associated with Sunflag effective 16<sup>th</sup> June, 2008 as a Non-executive, Independent Director. Presently, he is a member of Audit Committee, Nomination & Remuneration Committee and Stakeholders' Relationship Committee of the Company. He is not holding any equity shares in the capital of the Company.

**CA Jayesh M Parmar - Non-Executive, Independent Director (DIN : 00802843)**

CA Jayesh M Parmar, 50, a Fellow Member of the Institute of the Chartered Accountants of India (the ICAI), in Practice as a Chartered Accountant, a Partner with M/s. Kanu Doshi Associates, Chartered Accountants, Mumbai since year 1993. He is a member of Audit Committee and Nomination & Remuneration Committee, Corporate Social Responsibility Committee and Risk Management Committee of the Board. He is not holding any equity shares in the capital of the Company.

**Mr. Kumar Jitendra Singh - Non-Executive, Independent Director (DIN : 00626836)**

Mr. Kumar Jitendra Singh, 63, is B.Sc. Engineering (Mechanical) from Bihar College of Engineering and pursued Bachelor of Law from Ranchi University. He was awarded fellowship in research from CSIR in 1976. His last position held was Chairman cum Managing Director (CMD) of MOIL Limited from 16<sup>th</sup> March, 2009 to 31<sup>st</sup> October, 2012 before retiring. He has more than 31 years of experience in varied industries such as maintenance of Steel Plant, project management / equipment procurement for steel plant, refractory industry / refractory application & management in steel plants, metal & mining industry etc. He is not holding any equity shares in the capital of the Company.

**Mrs. Neelam Kothari - Non-Executive, Independent Director (DIN : 06709241)**

Mrs. Neelam Kothari is a qualified Chartered Accountant and Cost Accountant, also stood rank in both the professional examinations. She has earlier worked with IDBI Bank Limited from 1993 to 2009 in various capacities. During her career spanning across 15 years, she rose from a management trainee to one of the youngest Deputy General Manager in the IDBI Bank. She is not holding any equity shares in the capital of the Company.

**Mr. Surendra Kumar Gupta - Whole-time Director designated as Director & CEO (DIN : 00054836)**

Mr. Surendra Kumar Gupta is graduated in Mechanical Engineering (B.E.) and thereafter pursued Diploma in Business Management. He has wide experience of over 37 years in Steel & Steel making industry. He was appointed as Whole-time Director in July, 2007 designated as Director & CEO of the Company. He is member of Share Transfer Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Nomination & Remuneration Committee and Risk Management Committee of the Company. He is not holding any equity shares in the capital of the Company.

**3) AUDIT COMMITTEE****a) Constitution :**

The Board has constituted a well-qualified Audit Committee with Dr. E.R.C. Shekar as the Chairman of the Committee. All the members of the Committee are Non-Executive Directors with majority of them are Independent Directors including Chairman of the Committee. They possess sound knowledge of accounts, audit, finance, taxation, internal controls etc.

**b) Terms of Reference :**

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchange/s read with Section 177 of the Companies Act, 2013. These broadly includes :

- a) the recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- b) review and monitor the auditor's independence and performance, and effectiveness of audit process;
- c) examination and reviewing of the financial statement and the auditors' report thereon before submission to the board for approval, with particular reference to :
  - i) matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of Section 217(2AA) of the Companies Act, 1956 and/or Section 134(3)(c) of the Companies Act, 2013;
  - ii) changes, if any, in accounting policies and practices and reasons for the same;
  - iii) major accounting entries involving estimates based on the exercise of judgment by management;

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- iv) significant adjustments made in the financial statements arising out of audit findings;
  - v) compliance with listing and other legal requirements relating to financial statements;
  - vi) disclosure of any related party transactions;
  - vii) qualifications in the draft audit report;
- d) examination and reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  - e) approval or any subsequent modification of transactions of the Company with related parties;
  - f) scrutiny of inter-corporate loans and investments;
  - g) valuation of undertakings or assets of the Company, wherever it is necessary;
  - h) evaluation of internal financial controls and risk management systems;
  - i) monitoring the end use of funds raised through public offers and related matters;
  - j) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  - k) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  - l) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - m) discussion with internal auditors of any significant findings and follow up thereon;
  - n) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - o) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - p) look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - q) approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  - r) reviewing the Management discussion and analysis of financial condition and results of operations;
  - s) reviewing the Management letters / letters of internal control weaknesses issued by the statutory auditors;
  - t) reviewing the Internal audit reports relating to internal control weaknesses;
  - u) reviewing the appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee;
  - v) reviewing the functioning of the Whistle Blower mechanism;
  - w) reviewing / redressal of complaint/s under the Sexual Harassment of Women at Workplace (Prohibition, Prevention & Redressal) Act, 2013;
  - x) establishment of a vigil mechanism for directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy in such manner as may be prescribed, which shall also provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases:
  - y) such other functions/activities as may be assigned/delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement."
- c) Composition :**
- Chairman :** Dr. E.R.C. Shekar - Independent Director
- Members :** Mr. S. Gajendran and CA Jayesh M Parmar (Independent Directors) and Mr. Sonam Bodh (Nominee – IDBI Bank Limited) (up to 12.12.2014)
- Secretary :** CS Mukesh D. Parakh, Company Secretary (up to 05.08.2014)
- Secretary :** CS Pranab Panigrahi, Company Secretary (effective 05.08.2014)
- d) Invitees / Participants :**
- i) Mr. Ravi Bhushan Bhardwaj, Vice-Chairman & Managing Director and Mr. Surendra Kumar Gupta, Director & CEO are the permanent invitee to the Committee.
  - ii) Internal auditors attended two (2) Audit committee meetings and briefed the committee on all the points covered in the Internal audit report as well as the other issues that come up during discussions.
- 
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- iii) The Statutory auditors have attended all the Audit committee meetings held during the year.  
iv) The Cost Auditors have attended 3 (three) Audit committee meetings.

**e) Meetings and Attendance :**

Four (4) meetings of the Audit Committee were held on 21.05.2014, 05.08.2014, 07.11.2014 and 06.02.2015 during the financial year.

**Attendance :**

Name of Director	Dr. E.R.C. Shekar	Mr. Sonam Bodh	Mr. S. Gajendran	CA Jayesh M Parmar
No. of Meetings Attended	4	2	4	3

- The Audit Committee held discussions with the Statutory auditors on the audit of the quarterly / half-yearly / yearly accounts, the yearly audit plan, matters relating to compliance of Accounting standards & policies, their observations arising from the Audit of the Company's financial statements and other related matters.
- The Audit Committee during their four (4) meetings reviewed with the Management and the Auditors (both external and internal) all issues which are required to be reviewed by the Audit Committee pursuant to the Company's Act, 2013 and the Listing Agreement with the Stock Exchange/s. The Audit Committee has also reviewed the observations of the Internal and Statutory auditors in relation to all areas of operations of the Company as also the internal control systems. The Audit Committee has also reviewed the actions taken by the Company on various observations and queries of the auditors.

**4) NOMINATION & REMUNERATION COMMITTEE**

a) Nomination and Remuneration committee consists of following Directors viz.

**Chairman :** Dr. E.R.C. Shekar - Independent Non-executive Director

**Members :** Mr. S. Gajendran and CA Jayesh M. Parmar, (Independent, Non-executive Directors) and Mr. Sonam Bodh (Nominee – IDBI Bank Limited) (up to 12.12.2014); and Executive Directors Mr. Ravi Bhushan Bhardwaj, Vice Chairman & Managing Director and Mr. Surendra Kumar Gupta, Director & CEO of the Company.

**Secretary :** CS Mukesh D. Parakh, Company Secretary (up to 05.08.2014)

**Secretary :** CS Pranab Panigrahi, Company Secretary (effective 05.08.2014)

**b) Terms of Reference of the Nomination & Remuneration Committee :**

The Committee is empowered to

- identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- while formulating the policy under (b) above, ensure that
  - the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - remuneration to directors, key managerial personnel and senior management involves a balance between fixed & incentive pay reflecting short & long-term performance objectives appropriate to the working of the company & its goals;
- such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014."

**c) Meeting and attendance**

Four (4) meetings of Nomination & Remuneration committee were held on 21.05.2014, 05.08.2014; 26.09.,2014 and 19.03.2015.

**Attendance :**

Name of Director	Dr. E.R.C. Shekar	Mr. Sonam Bodh	Mr. S. Gajendran	Mr. Jayesh Parmar	Mr. Ravi Bhardwaj	Mr. S.K. Gupta
No. of Meetings Attended	3	1	4	2	--	3

d) The Committee looks after appointment / re-appointment and finalization of the annual increments payable to the Executive Directors and Key Managerial Personnel (KMP) within the prescribed limits of the Companies Act, 2013.

**i) For Executive Director(s) :**

The total remuneration of Executive Directors consists of :

- a fixed component – consisting of salary and perquisites; the perquisites and benefits are in line with Company's Rules.

- Commission @ 2% on net profits paid to each Managing Director and Joint Managing Director respectively.
- No commission is paid to Whole-time Director of the Company.
- No sitting fees paid to Executive Directors for attending Board / Committee Meetings.

Further, as the policy matter, the Company adheres to and follows the related provisions of the Companies Act 2013 with relevant schedule & rules made thereunder thereof for payment of remuneration to the Key Managerial Personnel, wherever applicable adhered the decision of Committee/Board of the Company.

#### ii) For Independent Director(s)

The committee looks after the selection of candidates to be recommended for appointment as Independent Director on the Board of the Company.

The Sitting Fees @ ₹ 7500/- and @ ₹ 3000/- per meeting of the Board and Committee thereof, as the case may be, respectively have been paid together with reimbursement of actual travel and out-of-pocket expenses incurred for attending such meetings.

#### Commission to Independent Director/s and Non-executive Chairman :

The members at its 25<sup>th</sup> Annual General Meeting held on 23<sup>rd</sup> September, 2011 has approved the payment of remuneration by way of commission @1% of the Net Profits to Non-executive Director/s or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors of the Company.

In turn, the Board of Directors of the Company has resolved the distribution of payment of remuneration by way of commission @1% of the Net Profits i.e. ₹ 31,00,243/- to Independent Director/s and Non-executive Chairman details as below :

In turn, the Board of Directors of the Company has resolved the distribution of payment of remuneration by way of commission @1% of the Net Profits i.e. ₹ 31,00,243 /- to Independent Director/s and Non-executive Chairman as follows :

Dr. E.R.C. Shekar : ₹ 100,000 Mr. S. Gajendran : ₹ 100,000 CA Jayesh M Parmar : ₹ 100,000 Mr. K.J. Singh : ₹ 65,000 \*

Mrs. Neelam Kothari : ₹ 50,000 \* IDBI (Nominee) : ₹ 87,000 \* and the balance amount of ₹ 2,598,243/- be payable to Mr. P.B. Bhardwaj, Non-Executive Chairman of the Company.

\* Provision for Commission for the Financial Year 2014 - 2015 is in proportion of their respective tenure as a Director of the Company.

#### e) The details of Sitting Fees, Remuneration and Commission paid to all the Directors during the financial year 2014 - 2015 are as under :

Amount in ₹

Name	Designation	Sitting Fees	Remuneration and perquisites	Commission for the Financial Year 2013 - 2014	Total Amount
Mr. P.B. Bhardwaj	Chairman	--	--	16,96,150	16,96,150
Mr. Ravi Bhushan Bhardwaj(\$)	Vice-Chairman & Mg. Director	--	1,22,30,576	--	1,22,30,576
Mr. Pranav Bhardwaj (\$)	Joint Managing Director	--	1,18,66,328	--	1,18,66,328
Dr. E.R.C. Shekar	Independent Director	88,500	--	1,00,000	1,88,500
Mr. Sonam Bodh (#)	Nominee Director (IDBI Bank)	24,000	--	1,00,000	1,24,000
Mr. P.K. Das (##)	Nominee Director (IDBI Bank)	--	--	--	--
Mr. S. Gajendran	Independent Director	87,000	--	1,00,000	1,87,000
CA Jayesh M Parmar	Independent Director	66,000	--	1,00,000	1,66,000
Mr. Kumar Jitendra Singh (*)	Independent Director	18,000	--	--	18,000
Mrs. Neelam Kothari (**)	Independent Director	25,500	--	--	25,500
Mr. Surendra Kumar Gupta (\$)	Whole-time Director Director & CEO	--	79,93,461	--	79,93,461

# Cesaed to be the Nominee Director effective 12<sup>th</sup> December 2014

## Nominated effective 12<sup>th</sup> December 2014 and ceased to be the Nominee Director effective 11<sup>th</sup> February 2015

\* Appointed effective 5<sup>th</sup> August 2014

\*\* Appointed effective 29<sup>th</sup> September 2014

(\$)

In compliance of the Order of the Central Government dated 07.02.2015 in response to the Company's application/s for waiver of excess remuneration paid, the Company has recovered as sum of ₹ 32,53,879/-; ₹ 31,02,241/- and ₹ 15,91,704/- (**as excess remuneration paid during the financial year 2013 - 2014**) from Mr. Ravi Bhushan Bhardwaj, Vice Chairman & Managing Director; Mr. Pranav Bhardwaj, Joint Managing Director; and Mr, Surendra Kumar Gupta, Director & CEO respectively.

After recovery of the aforesaid amount, the remuneration paid to them is as follows :

Mr. Ravi Bhushan Bhardwaj	Mr. Pranav Bhardwaj	Mr. Surendra Kumar Gupta
₹ 89,76,697	₹ 87,64,087	₹ 64,01,757

- No sitting fees paid to Non-executive Chairman and Executive Director(s) of the Company.

**f) The details of proposed Commission payable to all the Directors in respect of financial year 2014 - 2015 are as under :**

Name	Designation	Proposed Commission for the Financial Year 2014 - 2015 (₹)
Mr. P.B. Bhardwaj	Chairman	25,98,243
Mr. Ravi Bhushan Bhardwaj	Vice-Chairman & Managing Director	6,73,392
Mr. Pranav Bhardwaj	Joint Managing Director	6,73,392
Dr. E R C Shekar	Independent Director	1,00,000
Mr. S Gajendran	Independent Director	1,00,000
CA Jayesh M Parmar	Independent Director	1,00,000
Mr. Sonam Bodh (*) } Mr. P.K. Das (*) }	Nominee Director (IDBI Bank Ltd.)	87,000
Mr. Kumar Jitendra Singh (*)	Independent Director	65,000
Mrs. Neelam Kothari (*)	Independent Director	50,000
Mr. Surendra Kumar Gupta	Whole-time Director (designated as Director & CEO)	--

\* Provision for Commission for the Financial Year 2014 - 2015 is in proportion of their respective tenure as a Director of the Company.

**5) STAKEHOLDERS' RELATIONSHIP COMMITTEE**

During the year under review, the nomenclature of the Shareholders' / Investors' Grievance Committee was changed to "**Stakeholders' Relationship Committee**", in line with the provisions of Section 178 of the Companies Act, 2013 w.e.f. 5<sup>th</sup> August, 2014.

**Objective :**

This Committee is responsible for the satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services. Especially it looks after grievances of shareholders and investors Complaints like dematerialisation / rematerialisation of shares, transfer of shares, transmission of shares, non-receipt of share certificates and/or balance sheet, dividend(s) etc. and timely redressal of their grievance thereto.

**Composition :**

The Stakeholders Relationship Committee is consisting of Dr. E.R.C. Shekar, Independent Director as its Chairman, and Mr. Ravi Bhushan Bhardwaj, Mr. Pranav Bhardwaj, Mr. S. Gajendran and Mr. Surendra Kumar Gupta, as the committee members while CS Mukesh D Parakh, was Secretary to the Committee (upto 05.08.2014) and CS Pranab Panigrahi, is Secretary to the Committee (effective 05.08.2014).

**Meetings :**

During the financial year, the committee had four (4) meetings and reviewed :

- the system of handling with and responding to complaints received from the Shareholders and investors.
- The complaint letters received from Shareholders / Investors, Stock Exchanges, SEBI, Depositories viz. NSDL & CDSIL and responses thereto.

**Additional Information :**

All complaints as of 31<sup>st</sup> March, 2015 have been attended to and suitably replied / resolved and redressed accordingly.

**6) SHARE TRANSFER COMMITTEE**

The Share Transfer Committee consists of five (5) members, viz. two (2) Non-executive Directors and three (3) Executive Directors, as per details given below :

**Composition :**

**Chairman :** Mr. P B Bhardwaj, Non-executive Director

**Members :** Mr. Ravi Bhushan Bhardwaj, Mr. Pranav Bhardwaj and Mr. Surendra Kumar Gupta – Executive Directors; Dr. E.R.C. Shekar, Independent Director

The Securities and Exchange Board of India (SEBI) vide its Circular bearing reference No. CIR/MIRSD/8/2012 dated 5<sup>th</sup> July, 2012, in view to expedite the share transfer process in the interest of investors and in consultation with Stock Exchanges, has reduced the time-line for registration of transfer of Equity Shares by the Listed Companies to fifteen (15) days.

In view of above, Board considered and granted the authorisation (sub-delegation) to CS Pranab Panigrahi (earlier CS Mukesh D Parakh), Company Secretary of the Company and/or CA R. Muralidhar, Executive Director (Finance) to approve all the transfer/ transmission / transposition / deletion of name / rematerialisation of shares / issue of duplicate shares / consolidation & splitting of shares and ratify dematerialisation of shares on weekly basis to comply with the directions issued by the SEBI. The Board has authorised Share Transfer Committee to ratify all the approvals all routine transfers and transmission and rematerialisation of shares and ratifications dematerialisation of shares carried out by the Company Secretary / Executive Director (Finance) of the Company on quarterly basis.

As on 31<sup>st</sup> March 2015, there was no request for transfer of shares pending at the end of the quarter / year.



**Other Information :**

- a) As per the new Clause 47(f), the Company has created a designated e-mail ID for the Investor Grievances / Complaints as *investor@sunflagsteel.com*. The required information had been sent to concerned Stock Exchanges also and displayed at Company's website *www.sunflagsteel.com*
- b) The Securities and Exchange Board of India (SEBI) vide its Circular reference CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March, 2013 has directed the Listed Companies for the usage of electronic modes for making cash payments to the investors and further asked to maintain the proper Bank Mandate / ECS Records of the investors.

**In view of this, those shareholders who have not yet furnished / updated their Bank / ECS particulars, may kindly register the same with the Company / RTA, if shares are held in physical mode and with their Depository Participant (DP), if the shares are held in demat mode.**

- c) Pursuant to Clause 5-A of the Listing Agreement/s entered into with the Stock Exchange/s, the Company has transferred 28,050 equity shares to "Unclaimed Suspense Account" effective 3<sup>rd</sup> August 2015, as these shares were lying unclaimed since dates of allotment. Shareholders of these unclaimed shares can contact the Company to claim their shares and their list is available on the Company's website *www.sunflagsteel.com*

**7) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)**

The Company has constituted a Corporate Social Responsibility (CSR) Committee as required under Section 135 of the Companies Act, 2013. The Committee is headed by Mr. Ravi Bhushan Bhardwaj, Vice-Chairman & Managing Director(\*) and consists of Directors as members as stated below. During the year ended on 31<sup>st</sup> March 2015, CSR Committee had three (3) meetings which were attended by the members as under :

S N	Name of Director	Category of Director	No. of meetings held / Attended
1	Mr. Ravi Bhushan Bhardwaj	Executive Director	3 / 3
2	Dr. E. R. C. Shekar	Independent Director	3 / 3
3	CA Jayesh M Parmar	Independent Director	3 / 2
4	Mr. Surendra Kumar Gupta	Executive Director	3 / 3

**Secretary :** CS Pranab Panigrahi is Secretary to the Committee.

The Terms of Reference of the Committee are as follows :

- formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013 as amended from time to time;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the Corporate Social Responsibility (CSR) Policy of the Company from time to time;
- such other functions / activities as may be assigned / delegated from time to time by the Board of Directors of the Company and/or pursuant to the provisions of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014."

**Disclosure :**

S N	Headings	Particulars
1	Average net profit of the company for last 3 (three) financial years	₹1205.93 Lacs
2	Prescribed CSR Expenditure [two percent (2%) of the amount at item 1 above]	₹ 24.12 Lacs
3	Details of CSR spent during the financial year : a) Total amount to be spent for the Financial Year b) Amount unspent, if any c) Manner in which the amount spent during the financial year	₹ 24.12 Lacs The Company has spent ₹ 24.17 Lacs against the mandated ₹ 24.12 Lacs during the Financial year 2014 - 2015. Hence, there is no unspent amount. The manner in which the amount is spent is detailed in the Annex to the Directors' Report.

Further, the Company has constituted sub-committee of the Executives of the Company in order to look after the day to day activities, recommendations of release of payments, certifying the completion of work etc. and which will in turn report to CSR Committee on quarterly basis. Sub-committee of Executive meets at regular intervals to ascertain the accomplishment of work / release of payment.

**8) RISK MANAGEMENT COMMITTEE (RMC)**

The revised Clause 49 of the Listing Agreement mandates constitution of the Risk Management Committee (**RMC**). The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

Business Risk Evaluation and Management (BREM) is an ongoing process within the organization. The Company has a robust risk management framework to identify, monitor and minimize risks as also identify business opportunities. The objectives and scope of the Risk Management Committee broadly comprises :

- Oversight of risk management performed by the executive management; Reviewing the BREM policy and framework in line with local & legal requirements and SEBI guidelines;
- Reviewing risks and evaluate treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.

Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, potential impact analysis & mitigation plan.

The Committee reviewed the risk trend, exposure and potential impact analysis carried out by the management. It was specifically confirmed to the Committee by the Vice-Chairman & Managing Director, Chief Executive Officer and the Chief Financial Officer that the mitigation plans are finalised and up to date, owners are identified and the progress of mitigation actions are monitored. The Risk Management Committee met once in the Financial Year.

The Risk Management Committee comprises of the Directors and Senior Executives as members, as per details given below together with their attendance :

**Members – Directors :**

SN	Name of Director	Category of Director	No. of meetings held / Attended
1	Dr. E.R.C. Shekar	Independent	1/1
2	CA Jayesh M Parmar	Independent	1/0
3	Mr. Surendra Kumar Gupta	Executive Director	1/1

**Members – Senior Executives :**

SN	Name of Senior Executives	Designation	No. of meetings held / Attended
1	CA R. Muralidhar	Executive Director (Finance) & CFO	1/1
2	Mr. R.K. Malhotra	Executive Director (Marketing)	1/1

**9) VIGIL MECHANISM / WHISTLE BLOWER POLICY**

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Audit Committee is committed to ensure fraud-free work environment and to this end the Committee has laid down the Whistle Blower Policy providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud / misconduct through any of the reporting protocols as mentioned in the Policy.

In order to instil more confidence amongst Whistle Blowers, the management of the above referred reporting protocols are managed by an independent agency. Adequate safeguards have been provided in the Whistle Blower Policy to prevent victimization of anyone who is using this platform and direct access to the Chairman of the Audit Committee is also available in exceptional cases.

This Whistle Blower Policy is applicable to all the directors, employees, vendors and customers of the Company and it is also posted on the website of the Company.

The main objectives of the policy are as under :

- To protect the brand, reputation and assets of the Company from loss or damage, resulting from suspected or confirmed incidents of fraud / misconduct.
- To provide guidance to the employees, vendors and customers on reporting any suspicious activity and handling critical information and evidence.
- To provide healthy and fraud-free work culture.
- Recommend to the management for taking appropriate actions such as disciplinary action, termination of service, changes in policies & procedure and review of internal control systems;
- Annual review of the policy.

**10) GENERAL BODY MEETINGS**
**a) Details of last 3 (three) Annual General Meetings (AGM) :**

S. No.	Year	Location	Date	Time
1	26 <sup>th</sup> AGM - 2012	Indian Medical Association's J. R. Shaw Auditorium, North Ambazari Road, Nagpur - 440010	25.09.2012	15:00 Hrs.
2	27 <sup>th</sup> AGM - 2013		25.09.2013	15:00 Hrs.
3	28 <sup>th</sup> AGM - 2014		26.09.2014	15:00 Hrs.

- b) Extra-ordinary General Meeting was held on 5<sup>th</sup> August, 2014 at the same venue as that of Annual General Meeting.
- c) Some special resolutions were passed at the above meetings. There has been no use of Postal Ballot so far.
- d) The Company has provided e-voting platform to the shareholders during the 28<sup>th</sup> Annual General Meeting as well during Extra-ordinary General Meeting held during financial year 2014 - 2015, as per the SEBI Guidelines / Directions.

**11) DISCLOSURES**
**a) Related Party Disclosures :**

Related Party	Relationship
Sunflag Power Limited Sunflag Special Steels Limited Khappa Coal Company Private Limited	Subsidiary Companies
Haryana Television Limited	Associate Enterprise
Sunflag Limited, Channel Island, UK	Enterprise which have significant influence
Mr. P. B. Bhardwaj Mr. Ravi Bhushan Bhardwaj (upto 12 <sup>th</sup> August, 2015) Mr. Pranav Bhardwaj Mr. Surendra Kumar Gupta CA R. Muralidhar CS Pranab Panigrahi	Key Managerial Personnel (KMP)
Mr. Suhrit Bhardwaj	Beneficiary to Key Managerial Personnel
Madanpur (North) Coal Company Private Limited C T Mining Private Limited Gujarat State Mining and Resources Corporation Limited Daido D.M.S. India Private Limited	Joint Venture Companies

**b) Transactions with the related parties :**

Sr. No.	Particulars	Amount (₹)
a)	Subsidiary Companies - Unsecured Loan / Advance	12,93,780
b)	Associate Enterprises - Rent Paid	45,89,906
c)	Beneficiary - Rent Paid	20,22,480
d)	Key Managerial Personnel - Remuneration and Commission	3,84,74,375

**c) Disclosure under Section 22 & 28 of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013.**

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.

The following is the Summary of sexual harassment complaints received and disposed off during the year under review i.e. Financial Year 2014 - 2015 :

Number of Complaints received	<b>NIL</b>	Number of Complaints disposed off	<b>N.A.</b>
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**d) Compliance with Regulations :**

The Company has complied with all the requirements of regulatory authorities on capital markets. There have been no instance of non-compliance by the Company on any matters related to the capital markets, nor have any penalty / strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities on such matters, for the last 3 (three) years.

**e) Other Disclosures :**

- i. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements.

- ii. There are no materially significant transactions with the related parties viz. Promoters, Directors or the KMP, or their relatives or Subsidiaries that had potential conflict with the Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.
- iii. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.
- iv. There are no pecuniary relationships or transactions of Independent / Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.
- v. No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last 3 (three) years.
- vi. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management. The details of the Risk Management Committee is provided at point no. 8 of this report.
- vii. During the year ended 31<sup>st</sup> March 2015, the Company does not have any material listed/unlisted subsidiary companies as defined in Clause 49 of the Listing Agreement.
- viii. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement.

## 12) MEANS OF COMMUNICATION

- a) The quarterly / annual financial results are being furnished to Stock Exchanges and published in Financial Express / Indian Express in English and Loksatta in Marathi. The quarterly / annual financial results are also displayed on the Company's notice Board as well as uploaded on the Company's website [www.sunflagsteel.com](http://www.sunflagsteel.com).
- b) Management Discussion and Analysis forms part of this Annual Report.

## 13) GENERAL SHAREHOLDER INFORMATION

- a) Twenty-ninth (29<sup>th</sup>) Annual General Meeting - Friday, the 25<sup>th</sup> Day of September, 2015 at 3.00 P.M.
- b) Book Closure Dates - From Saturday, the 19<sup>th</sup> day of September, 2015 to Friday, the 25<sup>th</sup> September, 2015 (both days inclusive)

### c) Financial Calender

### Tentative Schedule

- i) Unaudited Results for the Quarter ending on 30.06.2015 - July / August 2015
- ii) Unaudited Results for the Quarter / half year ending on 30.09.2015 - October / November 2015
- iii) Unaudited Results for the Quarter ending on 31.12.2015 - January / February 2016
- iv) Audited Results for the Quarter / year ending on 31.03.2016 - May 2016

### d) Listing of Equity Shares

- For the year 2014 - 2015, Company's Equity Shares were listed with 2 (two) Stock Exchanges viz. BSE & NSE
- BSE Limited (BSE)
  - The National Stock Exchange of India Limited (NSE)

### e) Equity Shares - Stock Codes :

- Trading Symbol at Stock Exchanges
- 500404 (BSE)
  - SUNFLAG (NSE)
- Demat ISI Number in NSDL & CDSIL
- INE947A01014 - Sunflag Iron - Equity

### f) Stock Market Data

The high and low prices recorded on the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE) with their respective Indices are as under :

Month	Share Price of Sunflag Steel				BSE SENSEX		S & P CNX NIFTY	
	BSE		NSE		High	Low	High	Low
	High (₹)	Low (₹)	High (₹)	Low (₹)				
April 2014	23.75	20.80	23.80	20.85	22,939	22,198	6870	6650
May 2014	26.40	21.60	26.25	21.20	25,376	22,277	7564	6639
June 2014	33.15	22.00	33.80	22.00	25,725	24,270	7700	7240
July 2014	33.00	26.15	32.70	26.00	26,300	24,892	7841	7422
August 2014	29.30	26.75	29.75	26.55	26,674	25,233	7968	7540
September 2014	33.70	27.00	34.00	27.00	27,355	26,220	8180	7842
October 2014	30.80	26.80	28.80	27.60	27,894	25,911	8331	7724
November 2014	31.40	26.70	31.45	26.55	28,822	27,740	8617	8290
December 2014	30.90	25.40	30.90	25.10	28,810	26,469	8627	7961
January 2015	32.70	26.50	33.00	26.50	29,844	26,776	8997	8065
February 2015	30.75	25.70	31.70	26.30	29,560	28,044	8941	8471
March 2015	31.25	22.00	31.45	21.25	30,025	27,248	9119	8269

(Source : Official website of Bombay Stock Exchange Limited (BSE) & The National Stock Exchange of India Limited (NSE))

**g) Registrar & Share Transfer Agent and process of transfer of shares :**

Effective 31<sup>st</sup> March 2003, **M/s Bigshare Services Private Limited, E-2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai - 400072** have been acting as the Registrar & Share Transfer Agent. All the Shareholders / Investors related Services, subject to approval of the Company either through Board / Committee of the Board or Managing Director / Company Secretary, are done by the said Registrar and Share Transfer Agent for and on behalf of the Company.

**h) Distribution of Shareholding as on 31<sup>st</sup> March, 2015 :**

Shareholding of nominal value of		Shareholders		Value of Shares	
₹	₹	Number	%	Amount (₹)	%
Up to 5000		57,979	85.08	106,740,500	5.92
5001	10000	5,855	8.59	47,759,540	2.65
10001	20000	2,390	3.51	36,939,650	2.05
20001	30000	669	0.98	17,247,970	0.96
30001	40000	277	0.41	10,101,990	0.56
40001	50000	287	0.42	13,833,240	0.77
50001	100000	340	0.50	26,103,770	1.45
100001	1802194480	351	0.51	1,543,467,820	85.64
<b>Total</b>		<b>68,148</b>	<b>100.00</b>	<b>18,02,194,480</b>	<b>100.00</b>

**Pattern of Shareholdings as on 31<sup>st</sup> March, 2015 :**

SN	Category	No. of Holders	No. of Shares	%
1	Promoters / Promotor Group - Foreign	2	78,470,980	43.54
2	Promoters / Promotor Group - Indian	3	9,945,496	5.52
3	Non Resident Indians / FIIs	194	525,329	0.29
4	Financial Institutions	4	42,175	0.02
5	Bodies Corporate	681	9,973,932	5.53
6	Banks (Nationalised / Others)	16	66,356	0.04
7	Mutual Funds / UTI / Trust	17	89,105	0.05
8	Foreign Bodies Corporate	1	18,021,945	10.00
9	Indian Public / Directors / KMPs & Relatives	67,191	63,032,122	34.98
10	Clearing Members / Corporations	39	52,008	0.03
<b>Total</b>		<b>68,148</b>	<b>18,02,19,448</b>	<b>100.00</b>

**i) Dematerialisation of Shares and Trading at Stock Exchanges (Liquidity) :**

Shares of the Company are compulsorily traded in electronic form only. Out of the shares held by Indian Public and Institutional Investors, etc., more than **59.491%** of the shares have already been stand dematerialised, (Foreign Promoter's shareholding is presently held in physical form).

The Equity Shares of the Company were actively traded BSE Limited (**BSE**) and The National Stock Exchange of India Limited (**NSE**) and hence have good liquidity.

- j) Plant Location :** Sunflag Iron and Steel Company Limited  
 Works: P.O.: Bhandara Road, Warthi, BHANDARA - 441905 (Maharashtra)  
 Phone Nos : 07184 - 285551 to 285555

ADDRESS FOR CORRESPONDENCE OF SHAREHOLDERS / INVESTORS	
<b>For all matters relating to Shares &amp; Dematerialisation of shares be sent to :</b>	<b>For all matters relating to Annual Reports / Dividend / Grievances :</b>
M/s. Bigshare Services Private Limited E-2/3, Ansa Industrial Estate, Saki Vihar Road Saki Naka, Andheri (East), MUMBAI - 400072 Phone : 022 - 4043 0200 / 2847 0652 Fax : 022 - 28475207 E-mail : investor@bigshareonline.com Website : http://www.bigshareonline.com	Company Secretary Sunflag Iron and Steel Company Limited 33, Mount Road, Sadar, Nagpur - 440001 Phone : 0712-2524 661 / 2520 356 Fax : 0712-2520 360 E-Mail : investor@sunflagsteel.com Website : http://www.sunflagsteel.com

**14) CEO/CFO Certificate on Corporate Governance**

The Company has also obtained a certificate from the CEO/CFO of the Company regarding compliance stipulation of corporate governance as stipulated in Clause 49 of Listing Agreement with Stock Exchanges.

**15) Auditors' certificate on Corporate Governance**

The Company has obtained a certificate from the auditors of the Company regarding compliance stipulation of corporate governance as stipulated in Clause 49 of Listing Agreement with Stock Exchanges and the same is reproduced hereunder.

**B - NON-MANDATORY REQUIREMENTS****1. Shareholder Rights :**

The financial results are not being furnished to the individual Shareholders as they are furnished to the Stock Exchanges and also published through the newspapers (Financial Express / Indian Express in English and Loksatta in Marathi) as well as displayed on the Company's website *www.sunflagsteel.com*.

**2. Postal Ballot :**

The company has had no occasion to exercise the postal ballot so far.

**3. Report on Corporate Governance**

This chapter of the Annual Report – together with the information given under “Management Discussion and Analysis” – constitutes a detailed compliance report on Corporate Governance during the year under review.

**4. Separate posts of Chairman and VC & MD**

The Chairman of the Board is a Non-executive Director and his position is separate from that of the Vice Chairman and Managing Director/s of the company.

**5. Reporting of Internal Auditor**

The Internal Auditor reports to the Audit Committee.

**6. Audit Qualifications**

The Company's financial statement for the year ended 31<sup>st</sup> March, 2015 does not contain any audit qualification.

For and on behalf of the Board

Nagpur

12<sup>th</sup> August, 2015

**Pranav Bhardwaj**  
Managing Director  
DIN : 00054805

**Surendra Kumar Gupta**  
Deputy Managing Director  
DIN : 00054836

**STATUTORY AUDITORS' CERTIFICATE - CORPORATE GOVERNANCE**

To,

The Board of Directors / The Members  
Sunflag Iron and Steel Company Limited  
33, Mount Road, Sadar, Nagpur - 440001

We have examined the compliance of conditions of Corporate Governance by **Sunflag Iron and Steel Company Limited** ('the Company') for the financial year ended 31<sup>st</sup> March 2015, as stipulated in Clause 49 of Listing Agreement with the Stock Exchange/s.

The Compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of Listing Agreement with the Stock Exchange/s.

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

Nagpur

12<sup>th</sup> August 2015

**For PATEL, SHAH & JOSHI**  
**CHARTERED ACCOUNTANTS**

**JAYANT I. MEHTA**  
**PARTNER**  
**Membership Number - 42630**

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**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

To,

The Members of  
**Sunflag Iron and Steel Company Limited**  
33, Mount Road, Sadar, Nagpur - 440 001

**Report on Standalone Financial Statements**

We have audited the accompanying Standalone Financial Statements of **SUNFLAG IRON AND STEEL COMPANY LIMITED** ("the Company") which comprises Balance Sheet as at 31<sup>st</sup> March 2015, Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the State of affairs of the Company as at 31<sup>st</sup> March, 2015 and its profit and its cash flows for the year ended on that date.

**Report On Other Legal and Regulatory Requirements**

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 Companies Act, 2013, we give in an Annexure a statement on the matters specified in para 3 and 4 of the order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that ;

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
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- 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.
- e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Annexure-A of our Report and note 27.3 to the financial statements.
  - ii) The Company has made necessary provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivatives contracts.
  - iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

For PATEL, SHAH & JOSHI  
**CHARTERED ACCOUNTANTS**  
 Firm Regn. No. 107768W

CA JAYANT I. MEHTA  
**PARTNER**  
 Membership Number - 42630

Nagpur  
 30<sup>th</sup> May 2015

#### **ANNEXURE TO INDEPENDENT AUDITOR'S REPORT**

**The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Standalone financial statements for the year ended 31<sup>st</sup> March 2015, we report that**

- i) In respect of Fixed assets;
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The fixed assets are physically verified by the management at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii) In respect of Inventories;
  - a) We are informed that during the year, the management has physically verified the inventories. In case of material lying with third parties, certificates confirming stock have been received in respect of a substantial portion of stock held. In our opinion, the frequency of verification is reasonable.
  - b) According to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- iii) a) According to the information and explanations given to us, the Company has, during the year, granted loan and advance to a body corporate covered in the register maintained under Section 189 of the Companies Act, 2013.
- b) In the case of loan and advance granted to the body corporate listed in the register maintained under section 189 of the Act. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand. Accordingly, the paragraph 3(iii)(b) of the Order is not applicable to the Company in respect of repayment of the principal amount.
- c) There are no overdue amounts of more than rupees one lakh in respect of the loan and advance granted to the body corporate listed in the register maintained under section 189 of the Act.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal control system.
- v) According to the information and explanations given to us, the Company has not accepted any deposit from the public.
- vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2014 prescribed by the Central Government under Sub Section 1 of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



- vii) a) According to the information and explanations given to us and the records of the Company examined by us, the Company has been generally depositing undisputed statutory dues including Provident Fund, Employees' State Insurance dues, Income Tax, Investor Education and Protection Fund, Sales Tax, Wealth Tax, Customs Duty, Service Tax, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities and no undisputed amount payable in respect of the above mentioned statutory dues are in arrears for a period exceeding six months from the date of their becoming payable.
- b) According to the records of the Company, the details of disputed dues of Income Tax, Wealth Tax, Duty of Custom, Sales Tax and Excise Duty & Cess are enclosed in **Annexure A**.
- c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- viii) The Company does not have any accumulated losses at the end of the financial year 31<sup>st</sup> March, 2015. Further, the Company has not incurred cash losses during the financial year ended 31<sup>st</sup> March, 2015 and in the immediately preceding financial year ended 31<sup>st</sup> March, 2014.
- ix) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- x) According to the information and explanations given to us, the Company has not given any guarantee during the year for loans taken by others from banks or financial institutions.
- xi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xii) On the basis of our examination and according to the information and explanation given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For PATEL, SHAH & JOSHI  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 107768W

CA JAYANT I. MEHTA  
PARTNER  
Membership Number - 42630

Nagpur  
30<sup>th</sup> May 2015

**Annexure - A**

Statement of disputed statutory dues and annexure to report as at 31 <sup>st</sup> March 2015				
Particulars of Statutory Dues	Amount (₹ in Lacs)	Period to which the amount related	Forum where dispute is pending	Whether paid or unpaid
<b>Excise Duty</b>				
Deptt.'s show cause	27	2009 - 2010	Commissioner, Central Excise	Not Deposited
Departmental appeal (penalty)	38	2013 - 2014	Tax Appellate Tribunal	Deposited
<b>Total</b>	<b>65</b>			
<b>Sales Tax</b>				
Company's appeal	2,659	2005 - 2006 to 2009 - 2010	High Court / Supreme Court (Although the Company has filed Writ Petition but has paid this amount under protest)	Deposited under protest
<b>Total</b>	<b>2,659</b>			
<b>Income Tax</b>				
Company's appeals	379	2005 - 2006	Income Tax Appellate Tribunal	Deposited
	188	2006 - 2007	Income Tax Appellate Tribunal	Deposited
	309	2007 - 2008	Income Tax Appellate Tribunal	Deposited
	235	2008 - 2009	Income Tax Appellate Tribunal	Deposited
	214	2009 - 2010	Commissioner of Income Tax (Appeal)	Deposited
<b>Total</b>	<b>1,325</b>			

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR  
BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015**

Particulars	Note No.	As at 31.03.2015 (₹ in Lacs)	As at 31.03.2014 (₹ in Lacs)
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a) Share Capital	3	18,022	16,220
b) Reserves and Surplus	4	40,331	34,105
c) Money received against share warrants		--	--
<b>2. Share application money pending allotment</b>			
		--	--
<b>3. Non-current Liabilities</b>			
a) Long-term Borrowings	5	13,826	22,342
b) Deferred Tax Liabilities (Net)	6	6,515	4,860
c) Other Long Term Liabilities	7	281	922
d) Long-term Provisions	8	1,389	1,389
<b>4. Current Liabilities</b>			
a) Short-term Borrowings	9	19,777	16,904
b) Trade Payables	10	19,730	20,770
c) Other Current Liabilities	11	8,403	8,474
d) Short-term Provisions	12	4,887	4,382
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133,161</b>	<b>130,368</b>
<b>B. ASSETS</b>			
<b>1. Non-current Assets</b>			
a) Fixed Assets	13		
i. Tangible Assets		57,024	58,390
ii. Intangible Assets		--	--
iii. Capital work-in-progress		282	1,189
iv. Intangible Assets under Development		--	--
b) Non-current Investments	14	767	767
c) Deferred Tax Assets (net)		--	--
d) Long-term Loans and Advances	15	3,592	2,799
e) Other Non-current Assets		--	--
<b>2. Current Assets</b>			
a) Current Investments		--	--
b) Inventories	16	39,414	33,066
c) Trade Receivables	17	18,850	20,773
d) Cash and Bank Balances	18	5,326	5,066
e) Short-term Loans and Advances	19	7,640	8,126
f) Other Current Assets	20	266	192
<b>TOTAL ASSETS</b>		<b>133,161</b>	<b>130,368</b>
Corporate information and Significant accounting policies and Notes forming part of Financial Statements	1 & 2		

*As per our attached report of even date*

**For PATEL, SHAH & JOSHI**  
*Chartered Accountants*

**RAVI BHUSHAN BHARDWAJ**  
*VICE CHAIRMAN & MANAGING DIRECTOR*

**DR. E.R.C. SHEKAR**

**CA JAYANT I. MEHTA**  
*PARTNER*  
Membership Number - 42630

**SURENDRA KUMAR GUPTA**  
*DIRECTOR & CEO*

**CA R. MURALIDHAR**  
*EXECUTIVE DIRECTOR (FINANCE) & CFO*

**S. GAJENDRAN**

**CA JAYESH M. PARMAR**

**K. J. SINGH**

**Nagpur**  
30<sup>th</sup> May 2015

**CS PRANAB PANIGRAHI**  
*COMPANY SECRETARY*

**MRS. NEELAM KOTHARI**

*DIRECTORS*

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Particulars	Note No.	Year Ended 31.03.2015 (₹ in Lacs)	Year Ended 31.03.2014 (₹ in Lacs)
1. Revenue from Operations	21	195,837	176,766
Less : Excise Duty		(20,178)	(18,224)
Net Revenue from operations		<u>175,659</u>	<u>158,542</u>
2. Other Income	22	600	548
3. Total Revenue (1 + 2)		<u>176,259</u>	<u>159,090</u>
4. Expenses :			
Cost of Materials Consumed	23 (a)	103,247	93,248
Other Manufacturing Expenses	23 (b)	40,688	36,614
Purchases of Stock-in-Trade		--	--
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(717)	(303)
Employee Benefits Expense	25	8,206	7,506
Finance Costs	26	7,144	7,299
Depreciation and Amortisation Expense	13	5,113	6,118
Other Expenses	27	7,307	6,776
Total Expenses		<u>170,988</u>	<u>157,258</u>
5. Profit / (Loss) before exceptional and extraordinary items and tax		5,271	1,832
6. Less : Exceptional items (refer note 23.b)		2,545	--
Add : Exceptional items (refer note 13)		2,457	--
7. Profit before tax (5-6)		<u>5,183</u>	<u>1,832</u>
8. Tax Expense :			
a) Current tax expense for current year		1,087	384
b) Current tax expense relating to prior years		--	--
c) Deferred tax	6	1,655	(720)
9. Profit / (Loss) for the period from continuing operations		2,441	2,168
10. Earnings per equity share (Amount in ₹) :	28		
1) Basic		1.42	1.34
2) Diluted		1.42	1.34
Corporate information and Significant accounting policies and Notes forming part of Financial Statements	1 & 2		

*As per our attached report of even date*

**For PATEL, SHAH & JOSHI**  
*Chartered Accountants*

**RAVI BHUSHAN BHARDWAJ**  
*VICE CHAIRMAN & MANAGING DIRECTOR*

**DR. E.R.C. SHEKAR**

**CA JAYANT I. MEHTA**  
*PARTNER*  
Membership Number - 42630

**SURENDRA KUMAR GUPTA**  
*DIRECTOR & CEO*

**S. GAJENDRAN**

**CA JAYESH M. PARMAR**

**CA R. MURALIDHAR**  
*EXECUTIVE DIRECTOR (FINANCE) & CFO*

**K. J. SINGH**

**MRS. NEELAM KOTHARI**

**Nagpur**  
30<sup>th</sup> May 2015

**CS PRANAB PANIGRAHI**  
*COMPANY SECRETARY*

*DIRECTORS*

**SUNFLAG IRON AND STEEL COMPANY LIMITED, NAGPUR  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015**

Particulars	For the year ended 31.03.2015 (₹ in Lacs)		For the year ended 31.03.2014 (₹ in Lacs)	
<b>A. Cash flow from operating activities</b>				
Net Profit/(Loss) before extraordinary items and tax		5,183		1,832
<i>Adjustments for :</i>				
Depreciation and amortisation	5,113	--	6,118	--
(Profit) / loss on sale / write off of assets	--	--	--	--
Finance costs	7,144	--	7,299	--
Interest income	--	--	--	--
Exceptional adjustment to carrying amounts of Fixed Assets (Refer Note 13)	(2,457)	--	--	--
Provision for doubtful trade and other receivables, loans and advances	--	--	--	--
		<b>9,800</b>		<b>13,417</b>
Operating profit/(loss) before working capital changes		<b>14,983</b>		<b>15,249</b>
<i>Changes in working capital :</i>				
<i>Adjustments for (increase) / decrease in operating assets :</i>				
Inventories	(6,348)		(373)	
Trade receivables	1,923		(5,211)	
Short-term loans and advances	486		5,129	
Long-term loans and advances	(793)		155	
Other current assets	(74)		(55)	
<i>Adjustments for increase / (decrease) in operating liabilities :</i>				
Trade payables	(1,040)		(3,299)	
Other current liabilities	(148)		206	
Short-term provisions	505		(380)	
Other long-term liabilities	(641)		(384)	
Long-term provisions	--		--	
		<b>(6,130)</b>		<b>(4,212)</b>
Cash flow from extraordinary items		--		--
Cash generated from operations		<b>8,853</b>		<b>11,037</b>
Net income tax (paid) / refunds		(1,087)		(384)
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>7,766</b>		<b>10,653</b>
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(383)		(649)	
Proceeds from sale of fixed assets	--		2	
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(383)</b>		<b>(647)</b>
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity shares	5,587		--	
Proceeds from long-term borrowings	--		2,088	
Repayment of long-term borrowings	(7,886)		(6,918)	
Net increase / (decrease) in working capital borrowings	2,873		2,402	
Proceeds from other short-term borrowings	--		--	
Repayment of unsecured Deferred Sales Tax Loan	(553)		(553)	
Finance cost	(7,144)		(7,299)	
Cash flow from extraordinary items	--		--	
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(7,123)</b>		<b>(10,280)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>260</b>		<b>(274)</b>
Cash and cash equivalents at the beginning of the year		5,066		5,340
Effect of exchange differences on restatement of foreign currency		--		--
Cash and cash equivalents				
<b>Cash and cash equivalents at the end of the year (Refer Note 18)</b>		<b>5,326</b>		<b>5,066</b>

Refer Corporate information and Significant accounting policies

As per our attached report of even date

**For PATEL, SHAH & JOSHI**  
Chartered Accountants

**CA JAYANT I. MEHTA**  
PARTNER  
Membership Number - 42630

Nagpur  
30<sup>th</sup> May 2015

**RAVI BHUSHAN BHARDWAJ**  
VICE CHAIRMAN & MANAGING DIRECTOR

**SURENDRA KUMAR GUPTA**  
DIRECTOR & CEO

**CA R. MURALIDHAR**  
EXECUTIVE DIRECTOR (FINANCE) & CFO

**CS PRANAB PANIGRAHI**  
COMPANY SECRETARY

**DR. E.R.C. SHEKAR**

**S. GAJENDRAN**

**CA JAYESH M. PARMAR**

**K. J. SINGH**

**MRS. NEELAM KOTHARI**

**DIRECTORS**

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**Notes forming part of the Financial Statements for the year ended 31<sup>st</sup> March 2015****1. Corporate information**

Sunflag Iron and Steel Company Limited was incorporated in 1984 and engaged in the business of manufacturing and sale of Special Steel Rolled products.

**2. Significant accounting policies**

The significant accounting policies have been predominantly presented below in the order of the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

**2.1 Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under the historical cost convention.

**2.2 Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.3 Inventories**

- a) Raw materials : Valued at weighted average cost
- b) Consumables, stores & spares : At or below cost
- c) Finished and Semi finished goods produced and purchased by the Company : Carried at lower of cost or net realisable value.
- d) Work in process : At cost
- e) Any other saleable products of the manufacturing process are considered as finished goods and these are valued at the lower of the estimated net realisable value or cost.

**2.4 Cash and cash equivalents (for purposes of Cash Flow Statement)**

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

**2.5 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**2.6 Tangible fixed assets**

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Assets are valued net of CENVAT claimed.

**Capital work-in-progress :**

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

**2.7 Intangible assets**

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

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**2.8 Depreciation and amortisation**

Depreciation has been provided on the straight-line method as per the useful lives prescribed in Part - C of Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under. In respect of additions / deletions made during the year, depreciation is provided on a *pro-rata* basis.

- a) Leasehold land is amortised over the duration of the lease
- b) No depreciation has been provided on the freehold land and Capital Work in Progress
- c) Office Equipment costing less than Rupees one Lac is charged to revenue in the year of purchase
- d) Depreciation on Heavy and Light Vehicles are provided on Written Down Value method
- e) Intangible assets are amortised over their estimated useful life

**2.9 Revenue recognition****a) Sale of goods**

Sales comprises sale of goods and services, but net of sales returns. In order to comply with the "Accounting Standards Interpretation-14" issued by the Institute of Chartered Accountants of India, gross turnover includes both Sales Tax and Excise Duty. Net turnover excludes Excise Duty. The Sales Tax paid is shown as part of other manufacturing expenses.

**b) Other income**

- i) Interest income is accounted on accrual basis.
- ii) Government Incentives Scheme is recognised when there is reasonable assurance that the Company will comply with the terms and conditions attached to them. Accordingly subsidy under such scheme is recognised on the basis of actual / applied / receipt of approval letter from the Government Authority.
- iii) Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

**2.10 Foreign currency transactions and translations****a) Initial recognition**

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

**b) Measurement of foreign currency monetary items at the Balance Sheet date**

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.

**c) Treatment of exchange differences**

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

**2.11 Investments**

Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost or fair value.

**2.12 Employee benefits****Long Term Benefits**

- a) The company has taken group gratuity policy with the Life Insurance Corporation of India (LIC) for future payment of gratuity. The gratuity liability is determined based on an actuarial valuation performed by LIC.
- b) Liability towards superannuation is funded in accordance with the scheme with LIC.
- c) Contribution to Provident Fund are accrued as per the provisions of the Employees Provident Funds and Miscellaneous Provisions Act, 1952. Contributions payable to the Employees Provident Fund in respect of the Company are charged to the Statement of Profit and Loss. The Company pays contribution to a recognized Provident Fund.

**Short Term Benefits**

Leave salary payable in respect of earned leave has been provided for according to the service rules of the Company.

**2.13 Borrowing costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement

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of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets.

#### **2.14 Leases**

For assets acquired under operating lease, rentals payable are charged to the Statement of Profit and Loss.

#### **2.15 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### **2.16 Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

#### **2.17 Research and development expenses**

Revenue expenditure pertaining to research and development is charged to the Statement of Profit and Loss.

#### **2.18 Unamortised Expenses**

Preliminary expenses and other deferred revenue expenditure including share issue expenses are amortised over a period of five years.

#### **2.19 Joint venture operations**

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

#### **2.20 Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

#### **2.21 Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

#### **2.22 Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

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**2.23 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

**2.24 Excise & Custom Duty**

Customs Duty payable on imported items are accounted for when cleared from the bonded warehouse. Excise Duty payable on year end stock of finished goods lying in stock at factory is provided for.

**3. SHARE CAPITAL**

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount	Number	Amount
<b>Authorised</b>		(₹ in Lacs)		(₹ in Lacs)
10% Cumulative Preference Shares of ₹ 100/- each	--	--	4,000,000	4,000
Equity Shares of ₹ 10/- each	205,000,000	20,500	165,000,000	16,500
<b>Total</b>		20,500		20,500
<b>Issued</b>				
Equity Shares of ₹ 10/- each	180,219,448	18,022	162,197,503	16,220
<b>Subscribed &amp; Fully Paid up Equity Shares</b>				
Equity Shares of ₹ 10/- each fully paid	180,219,448	18,022	162,197,503	16,220

**a) Terms / Voting Rights attached to the Equity Shares**

The paid up capital of the Company consists of only equity shares of ₹ 10/- each. Every equity shareholder is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion of the number of the Equity shares held by the Shareholders.

**b) Reconciliation of number of shares outstanding at the beginning and end of the year :**

i) Movement of Shares	As at 31.03.2015	As at 31.03.2014
Opening number of shares issued	162,197,503	162,197,503
Shares issued during the year	18,021,945	--
Share bought back during the year	--	--
Closing number of shares issued	180,219,448	162,197,503

ii) Pursuant to resolution passed in Extra-ordinary General Meeting held on 5<sup>th</sup> August 2014, 10% Cumulative preference shares, have been reclassified into equity shares. Accordingly the Equity Share capital now stands at 2,050 Lacs shares of ₹ 10/- each.

iii) During the year the company issued 18,021,945 equity shares of ₹10/- each fully paid at a premium to non-promoter investor by way preferential allotment.

**c) Details of Shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sunflag Limited, Channel Islands, UK	65,253,582	36.21%	65,253,582	40.23%
Daido Steel Co. Ltd. Japan	18,021,945	10.00%	--	--
Mr. Suhrit Ravi Bhardwaj	13,217,398	7.33%	13,217,398	8.15%
M/s. Supra Corporation Limited	8,333,356	4.62%	8,333,356	5.14%



4. RESERVES & SURPLUS	As at 31.03.2015	As at 31.03.2014
	(₹ in Lacs)	
<b>a) Capital Reserves</b>		
Opening Balance	25	25
(+) Current Year Transfer	--	--
(-) Written Back in Current Year	--	--
Closing Balance (a)	<u>25</u>	<u>25</u>
<b>b) Other Reserves</b>		
<b>General Reserves</b>		
Opening Balance	231	231
(+) Current Year Transfer	--	--
(-) Written Back in Current Year	--	--
Closing Balance (b)	<u>231</u>	<u>231</u>
<b>c) Securities Premium</b>		
Opening Balance	--	--
(+) Current Year Transfer	3,785	--
(-) Written Back in Current Year	--	--
Closing Balance (c)	<u>3,785</u>	<u>--</u>
<b>d) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	33,849	31,681
(+) Net Profit / (Net Loss) for the current year	2,441	2,168
Closing Balance (d)	<u>36,290</u>	<u>33,849</u>
<b>Total (a+b+c+d)</b>	<u><u>40,331</u></u>	<u><u>34,105</u></u>

**5. LONG TERM BORROWINGS**
**a) Secured Long Term Borrowings**

Term Loans - From Banks	7,297	15,257
<b>Total Secured Long Term Borrowings</b>	<u>7,297</u>	<u>15,257</u>

**b) Unsecured Long Term Borrowings**

From Promoters (Interest Free) <sup>@</sup>	1,375	1,375
Other Loans and Advances #	--	--
– Interest Free Sales Tax Loan	5,154	5,710
<b>Other Long Term Borrowings (Unsecured)</b>	<u>6,529</u>	<u>7,085</u>
<b>Total Long Term Borrowings (a + b)</b>	<u><u>13,826</u></u>	<u><u>22,342</u></u>

i) Term Loans from Banks are secured by a first mortgage of all the Company's immovable properties, situated at village Warthi, District Bhandara, both present and future ranking *pari passu interse* and a first charge by way of hypothecation of all the Company's movables subject to prior charges created in favour of Company's bankers on inventories, book debts and other movables for securing the borrowings for working capital requirement.

ii) Term loan of ₹ 40 Crores (outstanding ₹ 25 Crores) borrowed from State Bank of India and State Bank of Bikaner & Jaipur are further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Vice Chairman & Managing Director.

iii) The Company has not defaulted in either repayment of principle or interest during the year.

@ The Unsecured loans comprising interest free loans given by Promoters. There is no stipulation as to the repayment hence there is no default in repayment during the period.

# The Unsecured loan comprising interest free Sales Tax Loan. The repayment of the Sales Tax Loan is made as per the schedule and there is no default in repayment during the period.

(₹ in Lacs)

Maturity Profile	1-2 year	2-3 years	3-4 years	Beyond 4 years
Term loan from banks	6,748	548	--	--
Unsecured Interest Free Sales Tax Loan	580	721	820	3,032

**6. DEFERRED TAXATION**

(₹ in Lacs)

Particulars	Balance as on 01.04.2014	Arising during the year	Balance as on 31.03.2015
<b>a) Deferred Tax Liabilities</b>			
On account of timing difference in Depreciation	7,111	822	<b>7,933</b>
Others	--	--	--
<b>Total (a)</b>	<u>7,111</u>	<u>822</u>	<u>7,933</u>
<b>b) Deferred Tax Assets</b>			
Disallowances	471	7	<b>478</b>
Accumulated Losses	<u>1,780</u>	<u>(840)</u>	<u>940</u>
<b>Total (b)</b>	<u>2,251</u>	<u>(833)</u>	<u>1,418</u>
<b>Deferred Tax Liability / (Asset) (a - b)</b>	<u>4,860</u>	<u>1,655</u>	<u>6,515</u>

	As at 31.03.2015	As at 31.03.014
<b>7. OTHER LONG TERM LIABILITIES</b>		(₹ in Lacs)
a) Trade Payables	76	775
b) Others - Security Deposit		
i) Refundable	3	3
ii) Contractors (Deposit recovered from contractors continue to remain over one year)	<u>202</u>	<u>144</u>
<b>Total (a+b)</b>	<u>281</u>	<u>922</u>
<b>8. LONG TERM PROVISIONS</b>		
a) <b>Provision for employee benefits</b>		
Employees Benefit including Leave Encashment	488	488
b) <b>Provision for Contingencies</b>	901	901
<b>Total (a+b)</b>	<b>1,389</b>	1,389
<b>9. SHORT TERM BORROWINGS - SECURED</b>		
<b>Loans repayable on demand</b>		
Borrowings for Working Capital from banks	<u>19,777</u>	<u>16,904</u>
<b>Total</b>	<u>19,777</u>	<u>16,904</u>
i) Working Capital Borrowings are secured by way of hypothecation of inventories and book debts and further secured by way of second charge ranking <i>pari passu</i> over the fixed assets situated at village Warthi, Dist. Bhadara, both present and future, subject to prior charges created by the Company in favour of banks for securing term loans. Working capital borrowings are further secured by the personal guarantee of Shri Ravi Bhushan Bhardwaj, Vice Chairman & Managing Director of the Company.		
ii) The Company has not defaulted in either repayment of principle or interest during the year.		
<b>10. TRADE PAYABLES</b>		
a) Acceptances	9,534	9,692
b) Other than Acceptances	<u>10,196</u>	<u>11,078</u>
<b>Total</b>	<u>19,730</u>	<u>20,770</u>
<b>11. OTHER CURRENT LIABILITIES</b>		
a) Current maturities of long-term debt (Payable within a year)		
i) Term Loan from Banks	7,555	7,481
ii) Unsecured Interest free Sales Tax Loan	556	553
b) Interest accrued but not due on borrowings	112	122
c) Unclaimed dividends	82	94
d) TDS Payable	28	29
e) Advance received from Customers	4	13
f) Other Payables	<u>66</u>	<u>182</u>
<b>Total</b>	<u>8,403</u>	<u>8,474</u>
<b>12. SHORT TERM PROVISIONS</b>		
a) <b>Provision for employee benefits</b>		
Salary & Reimbursements	183	355
b) <b>Others</b>		
Excise Duty Payable on Finished Goods Stock	2,899	2,792
Selling Expenses	615	869
Managerial Commission	53	21
Other Expenses	<u>1,137</u>	<u>345</u>
<b>Total</b>	<u>4,887</u>	<u>4,382</u>

**13. FIXED ASSETS** (₹ in Lacs)

PARTICULARS	Gross Block		Accumulated Depreciation				Net Block	
	Balance as at 01.04.2014	Additions/ (Disposals)	Balance as at 31.03.2015	Balance as at 01.04.2014	Depreciation Charge for the year	Depreciation adjustments	Balance as at 31.03.2015	Balance as at 31.03.2014
<b>A Tangible Assets</b>								
a) Freehold Land	372	--	372	--	--	--	372	372
b) Leasehold Land	89	--	89	25	1	--	63	64
c) Buildings								
Factory Buildings	20,828	--	20,828	10,961	483	(3,180)	12,564	9,867
Non Factory Building	192	--	192	82	2	(5)	113	110
Office Building	458	24	482	185	7	(96)	386	273
Township	630	--	630	235	10	(13)	398	395
Welfare Buildings	86	--	86	29	1	(2)	58	57
Boundary Wall & Fencing	87	--	87	19	--	63	5	68
Approach Roads	253	15	268	104	3	134	27	149
Railway Siding	375	--	375	352	--	4	19	23
Plant and Equipment	103,661	1,250	104,911	57,959	4,524	559	41,869	45,702
Furniture and Fixtures	224	--	224	188	(3)	22	17	36
Vehicles	285	--	285	250	5	13	17	35
Office equipment	409	1	410	344	1	44	21	65
Development of Mines	1,579	--	1,579	405	79	--	1,095	1,174
<b>Total (A)</b>	129,528	1,290	130,818	71,138	5,113	(2,457)	73,794	58,390
<b>B Intangible Assets</b>	--	--	--	--	--	--	--	--
<b>C Capital Work in Progress</b>	1,189	(907)	282	--	--	--	282	1,189
<b>Total (B + C)</b>	1,189	(907)	282	--	--	--	282	1,189
<b>D Intangible Assets under Development</b>	--	--	--	--	--	--	--	--
<b>Total (A+B+C+D)</b>	130,717	383	131,100	71,138	5,113	(2,457)	73,794	59,579

Depreciation adjustments are pertaining to the amount written back due to the change in useful lives of the respective assets in compliance to Part - C of Schedule - II of the Companies Act, 2013. The written back amount has been shown as an exceptional item in the Statement of Profit and Loss.

## 14. NON-CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Non Trade Investment in Equity instruments	767	767
Less : Provision for diminution in the value of Investments	--	--
<b>Total</b>	<b>767</b>	<b>767</b>
Aggregate amount of unquoted investments	767	767

## Details of Non Trade Investments in Equity

Name of Body Corporate	No. of Shares		Extent of Holding (%)		Amount (₹ in Lacs)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Investment in Equity Instruments (At Cost, Unquoted &amp; Fully Paid)</b>						
<b>Subsidiary</b>						
Sunflag Special Steels Limited	49,940	49,940	99.88	99.88	5	5
Sunflag Power Limited	49,940	49,940	99.88	99.88	5	5
Khappa Coal Company Private Limited	3,163,500	3,163,500	63.27	63.27	316	316
<b>Joint Ventures</b>						
Madanpur (North) Coal Company Private Limited	1,210,188	1,210,188	11.73	11.73	121	121
C T Mining Private Limited	3,180,000	3,180,000	31.80	31.80	318	318
Gujarat State Mining and Resources Corporation Limited	24,500	24,500	49.00	49.00	2	2
<b>Others</b>						
India Bulls CSEB Bhayathan Power Limited	74	74	--	--	--	--
<b>Total</b>					<b>767</b>	<b>767</b>

Pursuant to the Supreme Court Order dated 24th September, 2014, the Coal Block allocated to the company with other JV partners in the names of Khappa Coal Company Private Limited, Madanpur (North) Coal Company Private Limited, and CT Mining Private Limited, stands cancelled. Subsequent to the cancellation of previous allocation, the Government of India, Ministry of Law and Justice (Legislative Department) has promulgated "The Coal Mines (Special Provisions) Act, 2015" for implementing the order of Supreme Court and fixation of compensation etc to the prior allottees. But the process of re-allotment and crystallization of compensation amount in respect of the Company's mine, is pending at Nominated Authority, Ministry of Coal, Government of India. In view of aforesaid, the Company has not recognized any amount towards diminution in the value of the investments made in the JV companies.

## 15. LONG TERM LOANS AND ADVANCES

As at 31.03.2015  
As at 31.03.2014  
(₹ in Lacs)

## a) Capital Advances

Secured - considered good  
Unsecured - considered good

--	--
823	101
<b>823</b>	<b>101</b>

**Total (a)**

## b) Security Deposits

Secured - considered good  
Unsecured - considered good

--	--
1,028	960
<b>1,028</b>	<b>960</b>

**Total (b)**

## c) Loans and advances to related parties [refer Note 27.12]

Secured - considered good  
Unsecured - considered good

--	--
1,741	1,738
<b>1,741</b>	<b>1,738</b>

**Total (c)****Total (a+b+c)**

<b>3,592</b>	<b>2,799</b>
--------------	--------------

## 16. INVENTORIES

a) Raw Materials & components  
Goods-in transit

10,359	6,450
961	--
<b>11,320</b>	<b>6,450</b>

**Total (a)**

b) Work-in-progress

7,794	4,839
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c) Finished goods

18,440	20,678
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d) Consumables, Stores and Spares

1,860	1,099
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e) Others

--	--
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**Total (a+b+c+d+e)**

<b>39,414</b>	<b>33,066</b>
---------------	---------------

	As at 31.03.2015	As at 31.03.2014
<b>17. TRADE RECEIVABLES</b>		
a) Trade receivables outstanding for a period less than six months from the date they are due for payment		(₹ in Lacs)
Unsecured - considered good	18,026	19,805
Less : Provision for doubtful debts	--	--
<b>Total (a)</b>	<b>18,026</b>	<b>19,805</b>
b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured - considered good	824	968
Less : Provision for doubtful debts	--	--
<b>Total (b)</b>	<b>824</b>	<b>968</b>
<b>Total (a+b)</b>	<b>18,850</b>	<b>20,773</b>
<b>18. CASH AND BANK BALANCES</b>		
a) Cash and Cash Equivalents		
i) Cash on hand	4	5
ii) Balances in Current Accounts	445	926
<b>Total (a)</b>	<b>449</b>	<b>931</b>
b) Other Bank Balances		
i) Margin Money Deposit against LC & BG	4,795	4,041
ii) On Dividend A/c - Unclaimed	82	94
<b>Total (b)</b>	<b>4,877</b>	<b>4,135</b>
<b>Total (a+b)</b>	<b>5,326</b>	<b>5,066</b>
<b>19. SHORT-TERM LOANS AND ADVANCES</b>		
Trade Advances - Vendors	4,802	5,394
Loans & Advances to Employees	22	58
Prepaid Expenses	184	134
Balances with Statutory / Government Authorities		
- Excise Duty	601	540
- Sales Tax (VAT)	3	--
- Income Tax	1,163	1,668
- Claims Receivable	865	332
<b>Total</b>	<b>7,640</b>	<b>8,126</b>
<b>20. OTHER CURRENT ASSETS</b>		
a) Accruals - Interest accrued on Deposits	225	129
b) Others		
i) Export incentives Receivable	36	59
ii) Railway Claims	5	4
<b>Total (a+b)</b>	<b>266</b>	<b>192</b>

**Notes forming part of Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2015**

	For the year ended	
	31.03.2015	31.03.2014
<b>21. REVENUE FROM OPERATIONS</b>		
Sale of Manufactured Goods	195,651	176,537
Sale of Others	--	--
Duty Drawback and Export Incentives	186	229
<b>Total</b>	<b>195,837</b>	<b>176,766</b>
Less : Excise duty	20,178	18,224
<b>Total</b>	<b>175,659</b>	<b>158,542</b>
<b>22. OTHER INCOME</b>		
Interest Income (in case of a company other than a finance company)	483	405
Other non-operating income (net of expenses directly attributable to such income)	117	143
<b>Total</b>	<b>600</b>	<b>548</b>

	For the year ended	
	31.03.2015	31.03.2014
<b>23.a) Cost of Raw Material and Components Consumed</b>	(₹ in Lacs)	
Inventory at the beginning of the year	7,549	7,479
Add : Purchases	108,878	93,318
Less : Inventory at the end of the year	13,180	7,549
<b>Total Raw Material Consumption (a)</b>	<b>103,247</b>	<b>93,248</b>
<b>23.b) Other Manufacturing Expenses</b>		
Consumption of Fuel	5,272	5,596
Consumption of Power (Net of Captive consumption)	11,007	9,742
Sales Tax (Net of Incentive under Mega Project)	6,937	6,864
Freight & Forwarding	9,889	8,170
Other Works Overhead	7,583	6,242
<b>Total Other Manufacturing Expenses (b)</b>	<b>40,688</b>	<b>36,614</b>
<b>Total Expenses (a + b)</b>	<b>143,935</b>	<b>129,862</b>
a) Freight and Forwarding expenses for 2014 - 2015 includes additional levy of ₹ 579 Lacs calculated @ ₹ 295/- per ton for coal extracted from 1 <sup>st</sup> April, 2014 to 31 <sup>st</sup> March, 2015 in pursuance of the Supreme Court order dated 24 <sup>th</sup> September, 2014.		
b) The additional levy pertaining to the period from the commencement of operation to till 31 <sup>st</sup> March, 2014 amounting to ₹ 2,545 lacs is shown as an exceptional item in the statement of profit and Loss.		
<b>Details of Raw Material &amp; Components Consumed</b>		
Iron Ore & Iron Ore Fines	34,642	28,241
Coal & Coal Fines (Net of consumption of Coal from Captive Mines)	3,903	2,301
Coke	21,848	24,382
Sponge Iron	1,917	--
Scrap & HBI	1,015	1,033
Ferro Alloys	18,708	18,245
Fluxes, Minerals & Additives	8,438	8,513
Electrodes	1,849	1,650
Others	10,927	8,883
<b>Total</b>	<b>103,247</b>	<b>93,248</b>
<b>Details of Inventory - Raw Material &amp; Components</b>		
Iron Ore & Iron Ore Fines	3,880	1,637
Coal & Coal Fines (Net of consumption of Coal from Captive Mines)	2,371	1,005
Coke	1,565	1,260
Scrap & HBI	131	119
Ferro Alloys	1,235	1,188
Fluxes, Minerals & Additives	490	837
Electrodes	108	101
Goods in Transit	961	--
Others	2,439	1,402
<b>Total</b>	<b>13,180</b>	<b>7,549</b>
<b>24. (Increase) / Decrease in Inventories</b>		
<b>Inventories at the end of the year</b>		
Finished goods	18,440	20,678
Work-in-progress	7,794	4,839
<b>Total</b>	<b>26,234</b>	<b>25,517</b>
<b>Inventories at the beginning of the year</b>		
Finished goods	20,678	18,524
Work-in-progress	4,839	6,690
<b>Total</b>	<b>25,517</b>	<b>25,214</b>
<b>Net (increase) / decrease</b>	<b>(717)</b>	<b>(303)</b>

	For the year ended	
	31.03.2015	31.03.2014
	(₹ in Lacs)	
<b>25. Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	6,942	6,341
Contribution to Provident and other Funds	722	702
Staff Welfare Expenses	542	463
<b>Total</b>	<b>8,206</b>	<b>7,506</b>
During the year Company recovered an amount of ₹ 79 Lacs from Managerial Personnel, being excess remuneration paid to them in 2013 - 2014 as per the directions of Central Government against our application for waiver of the same.		
<b>26. Finance Cost</b>		
Interest Expense	5,668	6,115
Other borrowing costs	1,545	1,439
Applicable net (gain) / loss on foreign currency transactions and translation	(69)	(255)
<b>Total</b>	<b>7,144</b>	<b>7,299</b>
<b>27. Other Expenses</b>		
<b>27.1 Administration &amp; Selling Expenses</b>		
Travelling Expenses	366	297
Insurance Charges	188	204
Rent, Rates and Taxes	299	238
Repairs and Maintenance	146	94
Printing and Stationary	26	23
Postage and Telephones	104	66
Admin Expenses	493	406
Legal and Professional Expenses	497	417
Payment to Statutory Auditors (Refer Details below)	16	16
Payment to other Auditors (including internal Audit Fees)	8	2
Commission	171	141
Discounts	4,714	4,697
Other Selling Overheads	279	175
<b>Total</b>	<b>7,307</b>	<b>6,776</b>
<b>27.2 Payments to Auditors</b>		
Statutory Audit Fees	11	12
Tax Audit Fees	2	2
Other Services	--	--
Statutory Auditors out of Pocket Expenses	3	2
<b>Total</b>	<b>16</b>	<b>16</b>
<b>27.3 Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>i) Contingent liabilities</b>		
a) Unexpired Letter of Credit	4,549	6,102
b) Guarantees issued by Company's Bankers on behalf of the Company	8,204	3,275
c) Bonds / Undertakings given by the Company under Duty Exemption Scheme to the Custom Authorities	2,598	2,598
d) Bills Discounted	6,935	7,170
e) Excise Duty & Custom Duty against which Company has preferred an Appeal	65	65
f) Income Tax Liability - Disputed but paid	1,325	1,538
g) Corporate Guarantee issued to Banks on behalf of Subsidiaries	400	400
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for :		
– Tangible Assets	497	882

**27.4 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Based on the data available with the Company, there were no dues to Micro, Small and Medium Enterprises as on 31<sup>st</sup> March 2015 due for a period of more than 45 days, accordingly, no interest was paid/is payable in terms of the said Act during the year under review.

**27.5 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges**

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such Companies.

(₹ in Lacs)

Name of Company	Relationship	Amount Outstanding as at		Maximum balance Outstanding during	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Khappa Coal Company Private Limited	Subsidiary	737	737	737	737
Sunflag Power Limited	Subsidiary	958	945	958	945
Gujarat State Mining & Resources Corporation Limited	Joint Venture	2	2	2	2

For the year ended  
31.03.2015                      31.03.2014  
(₹ in Lacs)

**27.6 Value of imports calculated on CIF basis :**

Raw Materials	9,653	4,275
Spare Parts & Components	268	216

**27.7 Expenditure in foreign currency :**

Technical Services	34	138
Subscription & Membership Fees	3	8
Foreign Travelling	19	18
Other matters	35	17

**27.8 Earnings in foreign exchange :**

Export of goods calculated on FOB basis	7,967	8,026
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**27.9 Details of consumption of imported and indigenous items :**

Particulars	for the year ended		for the year ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Imported</b>	%	%	(₹ in Lacs)	
Raw materials	9.35	7.79	9,653	4,857
Components & Spare Parts	0.26	0.57	268	283
<b>Total</b>	<b>9.61</b>	<b>8.36</b>	<b>9,921</b>	<b>5,140</b>
<b>Indigenous</b>				
Raw materials	87.44	90.89	90,276	86,989
Components & Spare Parts	2.95	0.75	3,049	1,121
<b>Total</b>	<b>90.39</b>	<b>91.64</b>	<b>93,325</b>	<b>88,110</b>

**27.10 Segment information**

The Company's business activity primarily falls within a single business segment i.e., Iron & Steel business, however, the Company also generate power from its Captive Plant, which is entirely consumed in Iron & Steel Manufacturing Unit and no sale to third party has been made. The details of such consumed units are shown below. Hence there are no additional disclosures to be made under Accounting Standard (AS) 17, other than those already provided in the financial statements.

Particulars	For the year ended	
	31.03.2015	31.03.2014
Units consumed (kWh'000)	138,753	135,118
Value (₹ in Lacs)	9,832	9,331

**27.11 Employee benefit plans**

In view of the mandatory applicability of the revised Accounting Standard on Employee Benefits (AS 15 Revised) to the Company, effective 1<sup>st</sup> January 2007, the additional charges are paid and charged to the statement of Profit & Loss according to the provisions of AS-15 (Revised) as under :

- Employees Provident Fund, the company has made good the shortfall of interest on fund 'Nil' (previous year ₹ 9.00 Lacs)



Further, the following table sets out plan for the Employees Benefits as required under Accounting Standard 15 (Revised)

(₹ in Lacs)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Statement showing changes in Present Value of obligation :</b>						
Present value of obligations at the beginning of the year	1,133	1,030	4,395	4,020	1,975	1,778
Interest Cost	105	94	395	342	159	170
Current Service Cost	106	105	815	768	243	212
Benefits paid	(112)	(96)	(706)	(735)	(299)	(185)
Actuarial Loss on Obligations	-	-	-	-	-	-
Present value of obligations as at the end of the year	1,232	1,133	4,899	4,395	2,078	1,975
<b>Table showing changes in the fair value of Plan Assets :</b>						
Fair value of Plan Assets at the beginning of year	1,143	1,030	4,395	4,020	1,975	1,778
Expected return on Plan Assets	105	94	395	333	159	170
Contributions	98	115	815	768	243	212
Benefits paid	(112)	(96)	(706)	(735)	(299)	(185)
Actuarial Gain / (Loss) on Plan Assets	-	-	-	-	-	-
Fair value of Plan Assets at the end of the year	1,234	1,143	4,899	4,386	2,078	1,975
Funded Status	(2)	(10)	-	9	-	-
Excess of Actual over estimated return on Plan Assets						
<b>Actuarial Gain / (Loss) recognised :</b>						
Actuarial Gain / (Loss) for the year - Obligation	-	-	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	8	(10)	-	9	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	8	(10)	-	9	-	-
<b>Amounts to be recognised in the Balance Sheet :</b>						
Present value of obligations as at the end of the year	1,232	1,133	4,899	4,395	2,078	1,975
Fair value of Plan Assets as at the end of the year	1,234	1,143	4,899	4,386	2,078	1,975
Funded Status	8	(10)	-	9	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	8	10	-	(9)	-	-
<b>Expenses Recognised in the statement of Profit and Loss Account :</b>						
Current Service Cost	106	105	395	342	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	395	333	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	8	(9)	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	98	115	-	9	-	-
<b>Actuarial Assumptions :</b>						
Discount Rate	9.00%	8.85%	8.75%	8.75%	-	-
Salary Escalation	5.00%	5.00%	5.00%	5.00%	-	-
<b>Investment Details (%) :</b>						
GOI Securities	-	-	42%	52%	-	-
State Government Securities	-	-	25%	17%	-	-
Approved Marketable Securities	-	-	-	-	-	-
Bonds / Debentures etc	-	-	34%	31%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	-	-	-	-
<b>Total</b>	-	-	<b>100%</b>	<b>100%</b>	-	-

a) The investment details of Gratuity funds are as per the Scheme of Life Insurance Corporation of India (LIC).

b) The investment details of Superannuation funds are as per the Scheme of Life Insurance Corporation of India (LIC) under two plans. Eventhough these plans are still continuing, Company has stopped making contribution towards One plan i.e., Superannuation Scheme of Workers w.e.f. 01.04.1995 on payment of bonus in the year 1995 as per the terms and conditions of Rules framed at the time of subscribing to the designated policy of LIC. Company was liable as per terms and conditions of the Trust deed to pay contributions only till applicability of provisions of payment of Bonus Act.

**27.12 Related Party Disclosure (as identified by the Management)**

(₹ in Lacs)

Related party	Account	Transactions Year ended		Outstanding As on	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Subsidiaries</b>					
Sunflag Power Limited	Unsecured Loan	13	12	959	946
Khappa Coal Company Private Limited	Advance Paid	--	--	737	737
<b>Associate Enterprises</b>					
Haryana Televisions Limited	Rent	46	32	28	28
Ridge Farm Developers (P) Limited	Rent	--	13	--	10
	Expenses	--	7	--	--
<b>Key Managerial Personnel</b>					
Mr. P.B. Bhardwaj	Commission	26	17	--	--
Mr. Ravi Bhushan Bhardwaj	Remuneration & Commission	125	80	--	--
Mr. Pranav Bhardwaj		110	76	--	--
Mr. Surendra Kumar Gupta	Remuneration	75	54	--	--
<b>Relative to Key Managerial Personnel</b>					
Mr. Suhrit Bhardwaj	Rent Paid	20	20	--	--
	Refundable Security Deposit	--	--	10	10
<b>Joint Ventures</b>					
Madanpur (North) Coal Company Private Limited	Share Application Money	--	5	5	5
Gujarat State Mining and Resources Corporation Limited	Interest Free Unsecured Loan	--	--	2	2
<b>Total</b>				<b>1,741</b>	<b>1,738</b>

**28. EARNINGS PER SHARE**

Basic Earnings per Share	Year Ended 31.03.2015	Year Ended 31/03/2014
<b>Continuing Operations</b>		
Profit / (Loss) after Tax (₹ in Lacs) from continuing operations	2,441	2,168
Weighted Average shares outstanding at the end of Year	172,171,292	162,197,503
Number of Equity Shares outstanding at the end of the year	180,219,448	162,197,503
Basic / Diluted Earnings ₹ per Share	1.42	1.34

Since there is no fresh issue or Bonus issue and also the absence of any other type of Share Capital Outstanding at the end of the year, the Diluted EPS and Basic EPS are same.

**29. INTEREST IN JOINT VENTURES**

The Company has interests in the following jointly controlled entities:

Particulars	Name of Company					
	Madanpur (North) Coal Company Private Limited		C T Mining Private Limited		Gujarat States Mining and Resources Corporation Ltd.	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
% of Shareholding	11.73	11.73	31.80	31.80	49.00	49.00
Amount of Interest based on accounts for the year ended (₹ in Lacs) :						
Assets	126.00	126.00	328.00	327.00	--	--
Liabilities	126.00	126.00	328.00	327.00	--	--
Income	--	--	--	--	--	--
Expenditure	--	--	--	--	--	--
Contingent Liabilities	389.00	389.00	489.00	489.00	--	--
Capital Commitments	--	--	--	--	--	--

30. Previous year figures have been rearranged or regrouped wherever necessary to conform to current year's classification. The line items which are either not applicable or were NIL for both the years are omitted in presentation.

**Form No. AOC - 1**

[Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of the Companies (Accounts) Rules 2014]

**Part - A : Subsidiaries****Statement containing salient features of the financial statement of subsidiaries / associates companies / joint ventures**

(₹ in Lacs)

Particulars	Sunflag Power Limited	Sunflag Special Steels Limited	Khappa Coal Company Private Limited
<b>% of Shareholding of Sunflag Iron and Steel Company Limited</b>	<b>99.88%</b>	<b>99.88%</b>	<b>63.27%</b>
Paid-up Share Capital	5.00	5.00	500
Interest Free Unsecured Loan	958	--	1,165
Share Application Money	--	--	--
Reserves & Surplus	--	(1)	--
Total Assets	963	4	1,665
Total Liabilities	963	4	1,665
Investments	--	--	--
Turnover	--	--	--
Profit / (Loss) before Taxation	--	(0.01)	--
Provision for Taxation	--	--	0.34
Profit / (Loss) after Taxation	--	(0.01)	--
Proposed Dividend	--	--	--

Note : All the three subsidiaries mentioned above have yet to commence the business / operations.

**Part - B : Associates & Joint Ventures****Statement Pursuant to sub-section (3) of Section 129 of the Companies Act, 2013 related to Associate Companies & Joint Ventures**

Particulars	Madanpur (North) Coal Company Private Limited	CT Mining Private Limited	Gujarat State Mining and Resources Corporation Limited
1. Latest audited Balance Sheet date	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2015	31 <sup>st</sup> March, 2015
2. Shares of Associate / Joint Ventures held by the Company on the year end	11.73%	31.80%	49.00%
Number of Shares	12,10,188	31,80,000	24,500
Amount of investment in Associate / Joint Ventures	121	318	2
Extent of holding %	11.73%	31.80%	49.00%
3. Description of how there is significant influence	Part of decision making	Shareholding exceeding 20%	Shareholding exceeding 20%
4. Reason why the Associate / Joint Ventures not consolidated	Holding less than 50%	Holding less than 50%	Holding less than 50%
5. Networth attributable to Shareholding as per latest audited Balance Sheet	121	318	(1.79)
6. Profit / Loss for the year	--	--	(0.32)
Considered in consolidation	--	--	(0.15)
Not Considered in consolidation	--	--	(0.17)

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## INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To

The Board of Directors,  
**Sunflag Iron and Steel Company Limited**  
33, Mount Road, Sadar, Nagpur - 440 001

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **SUNFLAG IRON AND STEEL COMPANY LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entities 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. The respective Board of Directors of the companies included in the Group and of its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and jointly controlled entities as at 31<sup>st</sup> March, 2015, and their consolidated profit and loss and their consolidated cash flows for the year ended on that date.

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**Other Matters**

We did not audit the financial statements / financial information of three jointly controlled entities, whose financial statements / financial information reflect total assets of ₹ 453 lacs as at 31<sup>st</sup> March, 2015, total revenues ₹ Nil and net cash flows amounting to ₹ 126 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 0.16 lacs for the year ended 31<sup>st</sup> March, 2015, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities, is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

**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, based on the comments in the auditors' reports of the Holding company, subsidiary companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities.
    - ii. Necessary Provisions have been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled companies incorporated in India.

For PATEL, SHAH & JOSHI  
CHARTERED ACCOUNTANTS  
Firm Regn. No. 107768W

CA JAYANT I. MEHTA  
PARTNER  
Membership Number - 42630

Nagpur  
30<sup>th</sup> May 2015

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES  
CONSOLIDATED BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2015**

(₹ in Lacs)

Particulars	Note No.	As at 31.03.2015	As at 31.03.2014
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
a) Share Capital	3	18,463	16,661
b) Reserves and Surplus	4	40,327	34,101
c) Money received against share warrants		--	--
d) Proportionate Consolidation Elimination		(441)	(441)
<b>2. Share application money pending allotment</b>		<b>5</b>	<b>5</b>
<b>3. Minority Interest</b>		<b>184</b>	<b>184</b>
<b>4. Non-current Liabilities</b>			
a) Long-term Borrowings	5	14,254	22,771
b) Deferred Tax Liabilities (Net)	6	6,515	4,860
c) Other Long Term Liabilities	7	287	922
d) Long-term Provisions	8	1,389	1,389
<b>5. Current Liabilities</b>			
a) Short-term Borrowings	9	19,779	16,904
b) Trade Payables	10	19,730	20,776
c) Other Current Liabilities	11	8,403	8,474
d) Short-term Provisions	12	4,887	4,384
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>133,782</b>	<b>130,990</b>
<b>B. ASSETS</b>			
<b>1. Non-current Assets</b>			
a) Fixed Assets			
i. Tangible Assets	13	57,249	58,624
ii. Intangible Assets		--	--
iii. Capital work-in-progress		2,883	3,748
iv. Intangible Assets under development		--	--
b) Non-current Investments	14	441	441
Proportionate Consolidation Elimination		(441)	(441)
c) Deferred Tax Assets (net)		--	--
d) Long-term Loans and Advances	15	1,923	1,119
e) Other Non-current Assets		--	27
<b>2. Current Assets</b>			
a) Current Investments		--	--
b) Inventories	16	39,414	33,066
c) Trade Receivables	17	18,850	20,773
d) Cash and Bank Balances	18	5,549	5,287
e) Short-term Loans and Advances	19	7,638	8,149
f) Other Current Assets	20	276	197
<b>TOTAL ASSETS</b>		<b>133,782</b>	<b>130,990</b>

Significant accounting policies and Notes forming part of Financial Statements

1 &amp; 2

*As per our attached report of even date***For PATEL, SHAH & JOSHI**  
*Chartered Accountants***RAVI BHUSHAN BHARDWAJ**  
*VICE CHAIRMAN & MANAGING DIRECTOR***DR. E.R.C. SHEKAR****CA JAYANT I. MEHTA**  
*PARTNER*  
Membership Number - 42630**SURENDRA KUMAR GUPTA**  
*DIRECTOR & CEO***S. GAJENDRAN****CA JAYESH M. PARMAR**Nagpur  
30<sup>th</sup> May 2015**CA R. MURALIDHAR**  
*EXECUTIVE DIRECTOR (FINANCE) & CFO***K. J. SINGH****MRS. NEELAM KOTHARI****CS PRANAB PANIGRAHI**  
*COMPANY SECRETARY**DIRECTORS*

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES  
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

Particulars	Note No.	Year Ended 31.03.2015 (₹ in Lacs)	Year Ended 31.03.2014 (₹ in Lacs)
1. Revenue from Operations	21	195,837	176,766
Less : Excise Duty		<u>(20,178)</u>	<u>(18,224)</u>
		175,659	158,542
2. Other Income	22	600	548
3. Total Revenue (1 + 2)		<u>176,259</u>	<u>159,090</u>
4. Expenses :			
Cost of Materials Consumed	23 (a)	103,247	93,248
Other Manufacturing Expenses	23 (b)	40,688	36,614
Purchases of Stock-in-Trade		--	--
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(717)	(303)
Employee benefits expense	25	8,206	7,506
Finance Costs	26	7,144	7,299
Depreciation and amortisation expense	13	5,113	6,118
Other expenses	27	7,307	6,776
Total expenses		<u>170,988</u>	<u>157,258</u>
5. Profit / (Loss) before exceptional and extraordinary items and tax		5,271	1,832
6 Less : Exceptional items (refer note 23 b)		2,545	--
Add : Exceptional items (refer note 13)		2,457	--
7 Profit before tax (5-6)		<u>5,183</u>	<u>1,832</u>
8. Tax Expense :			
a) Current tax expense for current year		1,087	384
b) Current tax expense relating to prior years		--	--
c) Deferred tax	6	1,655	(720)
9. Profit / (Loss) for the period from continuing operations		2,441	2,168
10. Earnings per equity share (Amount in ₹) :	28		
1) Basic		1.42	1.34
2) Diluted		1.42	1.34
Significant accounting policies and Notes forming part of Financial Statements	1 & 2		

*As per our attached report of even date*

**For PATEL, SHAH & JOSHI**  
*Chartered Accountants*

**CA JAYANT I. MEHTA**  
*PARTNER*  
Membership Number - 42630

Nagpur  
30<sup>th</sup> May 2015

**RAVI BHUSHAN BHARDWAJ**  
*VICE CHAIRMAN & MANAGING DIRECTOR*

**SURENDRA KUMAR GUPTA**  
*DIRECTOR & CEO*

**CA R. MURALIDHAR**  
*EXECUTIVE DIRECTOR (FINANCE) & CFO*

**CS PRANAB PANIGRAHI**  
*COMPANY SECRETARY*

**DR. E.R.C. SHEKAR**

**S. GAJENDRAN**

**CA JAYESH M. PARMAR**

**K. J. SINGH**

**MRS. NEELAM KOTHARI**

*DIRECTORS*

**SUNFLAG IRON AND STEEL COMPANY LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2015**

(₹ in Lacs)

Particulars	For the year ended 31.03.2015		For the year ended 31.03.2014	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		5,183		1,832
<i>Adjustments for :</i>				
Depreciation and amortisation	5,113		6,118	
(Profit) / loss on sale / write off of assets	--		--	
Finance costs	7,144		7,299	
Interest income	--		--	
Exceptional adjustment to carrying amounts of Fixed Assets (Refer Note 13)	(2,457)		--	
Provision for doubtful trade and other receivables, loans and advances				
		9,800	--	13,417
Operating profit / (loss) before working capital changes		14,983		15,249
<i>Changes in working capital :</i>				
<i>Adjustments for (increase) / decrease in operating assets :</i>				
Inventories	(6,348)		(373)	
Trade receivables	1,923		(5,211)	
Short-term loans and advances	511		5,131	
Long-term loans and advances	(804)		166	
Other current assets	(79)		(53)	
Other Non-Current assets	27		5	
<i>Adjustments for increase / (decrease) in operating liabilities :</i>				
Trade payables	(1,046)		(3,299)	
Other current liabilities	(148)		205	
Short-term provisions	504		(380)	
Other long-term liabilities	(635)		(384)	
Long-term provisions	--		--	
		(6,095)		(4,193)
Cash flow from extraordinary items		--		--
Cash generated from operations		8,888		11,056
Net income tax (paid) / refunds		(1,087)		(384)
<b>Net cash flow from / (used in) operating activities (A)</b>		7,801		10,672
<b>B. Cash flow from investing activities</b>				
Capital expenditure on fixed assets, including capital advances	(417)		(683)	
Proceeds from sale of fixed assets	--		2	
<b>Net cash flow from / (used in) investing activities (B)</b>		(417)		(681)
<b>C. Cash flow from financing activities</b>				
Proceeds from issue of equity Shares	5,587		--	
Proceeds from long-term borrowings	--		2,088	
Repayment of long-term borrowings	(7,887)		(6,918)	
Net increase / (decrease) in working capital borrowings	2,875		2,402	
Repayment of unsecured Deferred Sales Tax Loan	(553)		(553)	
Finance cost	(7,144)		(7,299)	
Dividends paid	--		--	
Tax on dividend	--		--	
Cash flow from extraordinary items				
<b>Net cash flow from / (used in) financing activities (C)</b>		(7,122)		(10,280)
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		262		(289)
Cash and cash equivalents at the beginning of the year		5,287		5,576
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		--		--
<b>Cash and cash equivalents at the end of the year (Refer Note 18)</b>		5,549		5,287

Refer Significant accounting policies and Notes

As per our attached report of even date

**For PATEL, SHAH & JOSHI**  
Chartered Accountants

**CA JAYANT I. MEHTA**  
PARTNER  
Membership Number - 42630

Nagpur  
30<sup>th</sup> May 2015

**RAVI BHUSHAN BHARDWAJ**  
VICE CHAIRMAN & MANAGING DIRECTOR

**SURENDRA KUMAR GUPTA**  
DIRECTOR & CEO

**CA R. MURALIDHAR**  
EXECUTIVE DIRECTOR (FINANCE) & CFO

**CS PRANAB PANIGRAHI**  
COMPANY SECRETARY

**DR. E.R.C. SHEKAR**
**S. GAJENDRAN**
**CA JAYESH M. PARMAR**
**K. J. SINGH**
**MRS. NEELAM KOTHARI**

DIRECTORS



**Sunflag Iron and Steel Company Limited, its Subsidiaries and Joint Ventures**
**Notes forming part of the Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2015**
**1. PRINCIPLES OF CONSOLIDATION :**

- a) The consolidated financial statements relate to the Sunflag Iron and Steel Company Limited, ("the Company") its majority owned subsidiary Companies and joint ventures which together constitute "The Group" as on 31<sup>st</sup> March, 2015. The consolidated financial statements have been prepared on the following basis :
- b) The Financial Statements of the Company, its subsidiary Companies and jointly controlled entities are combined on line by line basis by adding together like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard on "Consolidated Financial Statement" AS-21 read with Accounting Standard "Financial Reporting of Interest in Joint Ventures" (AS-27) issued by the Institute of Chartered Accountants of India.
- c) The Financial Statements of the subsidiaries and jointly controlled entities used in the consolidation are drawn upto the same reporting date as that of the Company i.e. 31<sup>st</sup> March, 2015.
- d) Minority interest in the net assets of consolidated subsidiaries consist of :-
- the amount of equity attributable to minorities at the date on which the investment in a subsidiary is made,
  - the minorities' share of movements in equity since the date the parent subsidiary relationship came into existence.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate Financial Statements.
- f) The list of subsidiary Companies and jointly controlled entities, which are included in the consolidation and the Company's holdings therein are as under :

Name of Company	Ownership in % either directly or through Subsidiaries	
	2014 - 2015	2013 - 2014
<b>i. Subsidiary Companies</b>		
- Sunflag Special Steels Limited	99.88	99.88
- Sunflag Power Limited	99.88	99.88
- Khappa Coal Company Private Limited	63.27	63.27
<b>ii. Jointly Controlled Entities</b>		
- Madanpur (North) Coal Company Private Limited	11.7318	11.7318
- C T Mining Private Limited	31.80	31.80
- Gujarat State Mining & Resources Corporation Limited	49.00	49.00

2. Other Significant Accounting Policies are set out under "Corporate information and Significant Accounting Policies" as given in the Company's separate financial statements.

**3. SHARE CAPITAL**

Particulars	As at 31.03.2015		As at 31.03.2014	
	Number	Amount	Number	Amount
<b>Authorised</b>		(₹ in Lacs)		(₹ in Lacs)
10% Cumulative Preference Shares of ₹ 100/- each	--	--	4,000,000	4,000
Equity Shares of ₹ 10/- each	210,000,000	21,000	170,000,000	17,000
<b>Total</b>		21,000		21,000
<b>Issued</b>				
Equity Shares of ₹ 10/- each	189,734,136	18,973	171,712,191	17,171
<b>Subscribed &amp; Fully Paid up Equity Shares</b>				
Equity Shares of ₹ 10/- each fully paid	189,734,136	18,973	171,712,191	17,171
<b>Consolidation Elimination</b>		(510)		(510)
<b>Total</b>	189,734,136	18,463	171,712,191	16,661

**a) Terms / Voting Rights attached to the Equity Shares**

The paid up capital of the Company consists of only equity shares of ₹ 10/- each. Every equity share holder is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion of the number of the Equity shares held by the Shareholders.

**b) Reconciliation of number of shares outstanding at the beginning and end of the year :**

<b>i) Movement of Shares</b>	<u>As at 31.03.2015</u>	<u>As at 31.03.2014</u>
Opening number of shares issued	162,197,503	162,197,503
Shares issued during the year	18,021,945	--
Share bought back during the year	--	--
Closing number of shares issued	180,219,448	162,197,503
ii) Pursuant to resolution passed in Extra-ordinary General Meeting held on 5 <sup>th</sup> August 2014, 10% Cumulative preference shares, have been reclassified into equity shares. Accordingly the Equity Share capital now stands at 2,050 Lacs shares of ₹ 10/- each.		
iii) During the year the company issued 18,021,945 equity shares of ₹10/- each fully paid at a premium to non-promoter investor by way preferential allotment.		

**c) Details of Shareholders holding more than 5% shares in the Company**

Name of Shareholder	As at 31.03.2015		As at 31.03.2014	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Sunflag Limited, Channel Islands, UK	65,253,582	36.21%	65,253,582	40.23%
Daido Steel Co. Ltd. Japan	18,021,945	10.00%	--	--
Mr. Suhrit Ravi Bhardwaj	13,217,398	7.33%	13,217,398	8.15%
M/s. Supra Corporation Limited	8,333,356	4.62%	8,333,356	5.14%

**4. RESERVES & SURPLUS**
**a) Capital Reserves**

	As at 31.03.2015	As at 31.03.2014
	(₹ in Lacs)	
Opening Balance	25	25
(+) Current Year Transfer	--	--
(-) Written Back in Current Year	--	--
Closing Balance (a)	<u>25</u>	<u>25</u>

**b) Other Reserves**
**General Reserves**

Opening Balance	231	231
(+) Current Year Transfer	--	--
(-) Written Back in Current Year	--	--
Closing Balance (b)	<u>231</u>	<u>231</u>

**c) Securities Premium**

Opening Balance	--	--
(+) Current Year Transfer	3,785	--
(-) Written Back in Current Year	--	--
Closing Balance (c)	<u>3,785</u>	<u>--</u>

**d) Surplus / (Deficit) in Statement of Profit and Loss**

Opening Balance	33,845	31,677
(+) Net Profit / (Net Loss) for the current year	2,441	2,168
Closing Balance (d)	<u>36,286</u>	<u>33,845</u>
<b>Total (a+b+c+d)</b>	<u><u>40,327</u></u>	<u><u>34,101</u></u>

5. LONG TERM BORROWINGS	As at 31.03.2015	As at 31.03.2014
<b>a) Secured Long Term Borrowings</b>	(₹ in Lacs)	
Term Loans - From Banks	7,297	15,257
<b>Total Long Term Borrowings (secured)</b>	<b>7,297</b>	<b>15,257</b>
<b>b) Unsecured Long Term Borrowings</b>		
From Promoters (Interest Free) @	1,803	1,804
Other loans and advances #		
– Interest free Sales Tax Loan	<u>5,154</u>	<u>5,710</u>
<b>Total Long Term Borrowings (b)</b>	<u>6,957</u>	<u>7,514</u>
<b>Total Long Term Borrowings (a+b)</b>	<u>14,254</u>	<u>22,771</u>

- i) Term Loans from Banks are Secured by a first mortgage of the Company's immovable properties situated at Village Warthi, District Bhandara, both present and future ranking *pari passu* interse and a first charge by way of hypothecation of all the company's movables subject to prior charges created in favour of Company's bankers on Inventories, book debts and other movables for securing the borrowings for working capital requirement.
- ii) Term loan of ₹ 40 Crores (outstanding ₹ 25 Crores borrowed from State Bank of India and State Bank of Bikaner & Jaipur are further secured by Personal Guarantee of Shri Ravi Bhushan Bhardwaj, Vice Chairman & Managing Director of the Company.
- iii) The Company has not defaulted in either repayment of principle or interest during the year.

@ The Unsecured loans comprising interest free loans given by Promoters. There is no stipulation as to the repayment hence there is no default in repayment during the period.

# The Unsecured loans comprising interest free Sales Tax Loan. The repayment of the Sales Tax Loan is made as per the schedule and there is no default in repayment during the period.

Maturity Profile	1-2 year	2-3 years	3-4 years	Beyond 4 years
Term loan from banks	6,748	548	--	--
Unsecured Interest Free Sales Tax Loan	580	721	820	3,032

6. DEFERRED TAXATION (₹ in Lacs)

Particulars	Balance as on 01.04.2014	Arising during the year	Balance as on 31.03.2015
<b>a) Deferred Tax Liabilities</b>			
On account of timing difference in Depreciation	7,111	822	7,933
Others	--	--	--
<b>Total (a)</b>	<u>7,111</u>	<u>822</u>	<u>7,933</u>
<b>b) Deferred Tax Assets</b>			
Disallowances	471	7	478
Provisions for doubtful debts	1,780	(840)	940
<b>Total (b)</b>	<u>2,251</u>	<u>(833)</u>	<u>1,418</u>
<b>Deferred Tax Liability / (Asset) (a – b)</b>	<u>4,860</u>	<u>1,655</u>	<u>6,515</u>

7. OTHER LONG TERM LIABILITIES	As at 31.03.2015	As at 31.03.2014
	(₹ in Lacs)	
a) Trade Payables	82	775
b) Others - Security Deposit		
i) Refundable	3	3
ii) Contractors #	202	144
iii) Employees LPG	--	--
<b>Total (a+b)</b>	<u>287</u>	<u>922</u>

Note : # Deposit recovered from contractors continue to remain over one year.

	As at 31.03.2015	As at 31.03.2014
	(₹ in Lacs)	
<b>8. LONG TERM PROVISIONS</b>		
a) <b>Provision for employee benefits</b>		
Employees Benefit including Leave Encashment	488	488
b) <b>Provision for Contingencies</b>	901	901
<b>Total (a+b)</b>	<u>1,389</u>	<u>1,389</u>
<b>9. SHORT TERM BORROWINGS</b>		
<b>Secured :</b>		
<b>Loans repayable on demand</b>		
Borrowings for Working Capital from banks	19,779	16,904
<b>Total</b>	<u>19,779</u>	<u>16,904</u>
i. Working Capital Borrowings are secured by way of hypothecation of inventories and book debts and further secured by way of second charge ranking <i>pari passu</i> over the fixed assets both present and future, subject to prior charges created by the Company in favour of banks for securing term loans. Working capital borrowings are further secured by the personal guarantee of Mr. Ravi Bhushan Bhardwaj, Vice Chairman & Managing Director of the Company.		
ii. The Company has not defaulted in either repayment of principle or interest during the year.		
<b>10. TRADE PAYABLES</b>		
a) Acceptances	9,534	9,692
b) Other than Acceptances	10,196	11,084
<b>Total</b>	<u>19,730</u>	<u>20,776</u>
<b>11. OTHER CURRENT LIABILITIES</b>		
a) Current maturities of long-term debt (Payable within a year)		
i. Term Loan from Banks	7,555	7,481
ii. Unsecured Interest free Sales Tax Loan	556	553
b) Interest accrued but not due on borrowings	112	122
c) Unclaimed dividends	82	94
d) TDS Payable	28	29
e) Payable to others	--	--
f) Advance received from Customers	4	13
g) Other Payables	66	182
<b>Total</b>	<u>8,403</u>	<u>8,474</u>
<b>12. SHORT TERM PROVISIONS</b>		
a) <b>Provision for employee benefits</b>		
Salary & Reimbursements	183	356
b) <b>Others</b>		
Power	--	--
Excise Duty Payable on Finished Goods Stock	2,900	2,792
Selling Expenses	615	869
Managerial Commission	53	21
Other Expenses	1,136	346
<b>Total</b>	<u>4,887</u>	<u>4,384</u>

**13. FIXED ASSETS** (₹ in Lacs)

PARTICULARS	Gross Block			Accumulated Depreciation				Net Block	
	Balance as at 01.04.2014	Additions/ (Disposals)	Balance as at 31.03.2015	Balance as at 01.04.2014	Depreciation Charge for the year	Depreciation adjustments	Balance as at 31.03.2015	Balance as at 31.03.2014	
<b>A Tangible Assets</b>									
a) Freehold Land	588	--	588	--	--	--	--	588	
b) Leasehold Land	89	--	89	25	1	(1)	25	64	
c) Buildings									
Factory Buildings	20,828	--	20,828	10,961	483	(3,179)	8,265	9,867	
Non Factory Building	192	--	192	82	2	(5)	79	110	
Office Building	458	24	482	185	7	(96)	96	273	
Township	630	--	630	235	10	(13)	233	395	
Welfare Buildings	86	--	86	29	1	(1)	30	57	
Boundary Wall & Fencing	87	--	87	19	--	64	83	68	
Approach Roads	253	15	268	104	3	133	240	149	
Railway Siding	375	--	375	352	--	4	356	23	
e) Plant and Equipment	103,665	1,249	104,914	57,960	4,524	558	63,042	45,705	
f) Furniture and Fixtures	227	--	227	189	(3)	22	209	38	
g) Vehicles	310	(1)	309	262	9	13	284	48	
h) Office equipment	409	1	410	344	2	44	389	65	
i) Development of Mines	1,579	--	1,579	405	79	--	484	1,174	
<b>Total (A)</b>	129,776	1,288	131,064	71,152	5,118	(2,457)	73,815	58,624	
<b>B Intangible Assets</b>	--	--	--	--	--	--	--	--	
<b>C Capital Work in Progress</b>	3,748	(865)	2,883	--	--	--	2,883	3,748	
<b>Total (B + C)</b>	3,748	(865)	2,883	--	--	--	2,883	3,748	
<b>D Intangible Assets under Development</b>	--	--	--	--	--	--	--	--	
<b>Total (A+B+C+D)</b>	133,524	423	133,947	71,152	5,118	(2,457)	73,815	62,372	

Depreciation adjustments are pertaining to the amount written back due to the change in useful lives of the respective assets in compliance to Part - C of Schedule II of the Companies Act, 2013. The written back amount has been shown as an exceptional item in the Statement of Profit and Loss.

**14. NON-CURRENT INVESTMENTS**

(₹ in Lacs)

Particulars	As at 31.03.2015	As at 31.03.2014
Non Trade Investment in Equity instruments	441	441
Less : Provision for diminution in the value of Investments	--	--
<b>Total</b>	<b>441</b>	<b>441</b>
Aggregate amount of unquoted investments	441	441

**Details of Non Trade Investments in Equity**

Name of Body Corporate	No. of Shares		Extent of Holding (%)		Amount (₹ in Lacs)	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Investment in Equity Instruments (At Cost, Unquoted &amp; Fully Paid)</b>						
<b>Joint Ventures</b>						
Madanpur (North) Coal Company Private Limited	1,210,188	1,210,188	11.73	11.73	121	121
C T Mining Private Limited	3,180,000	3,180,000	31.80	31.80	318	318
Gujarat State Mining and Resources Corporation Limited	24,500	24,500	49.00	49.00	2	2
<b>Others</b>						
India Bulls CSEB Bhaiyathan Power Limited	74	74	--	--	--	--
<b>Total</b>					<b>441</b>	<b>441</b>

(Pursuant to the Supreme Court Order dated 24<sup>th</sup> September, 2014, the Coal Block allocated to the company with other JV partners in the names of Khappa Coal Company Private Limited, Madanpur (North) Coal Company Private Limited, and CT Mining Private Limited, stands cancelled. Subsequent to the cancellation of previous allocation, the Government of India, Ministry of Law and Justice (Legislative Department) has promulgated. The Coal Mines (Special Provisions) Act, 2015 for implementing the order of Supreme Court and fixation of compensation etc to the prior allottees. But the process of re-allotment and crystallization of compensation amount in respect of the Company's mine, is pending at Nominated Authority, Ministry of Coal, Government of India. In view of aforesaid, the Company has not recognized any amount towards diminution in the value of the investments made in the JV companies.

**15. LONG TERM LOANS AND ADVANCES**

As at 31.03.2015

As at 31.03.2014

(₹ in Lacs)

**a) Capital Advances**Secured - considered good  
Unsecured - considered good

--	--
850	104
<b>850</b>	<b>104</b>

**Total (a)****b) Security Deposits**Secured - considered good  
Unsecured - considered good

--	--
1,028	960
<b>1,028</b>	<b>960</b>

**Total (b)****c) Loans and advances to related parties [refer Note 27.12]**Secured - considered good  
Unsecured - considered good

--	--
45	55
<b>45</b>	<b>55</b>

**Total (c)****Total (a+b+c)**

<b>1,923</b>	<b>1,119</b>
--------------	--------------

**16. INVENTORIES**a) Raw Materials & components  
Goods-in transit

10,359	6,450
961	--
<b>11,320</b>	<b>6,450</b>

**Total (a)**

b) Work-in-progress

7,794

c) Finished goods

18,440

d) Consumables, Stores and Spares

1,860

e) Others

--

**Total (a+b+c+d+e)**

<b>39,414</b>	<b>33,066</b>
---------------	---------------

	As at 31.03.2015	As at 31.03.2014
<b>17. TRADE RECEIVABLES</b>		
a) Trade receivables outstanding for a period less than six months from the date they are due for payment		(₹ in Lacs)
Unsecured - considered good	18,026	19,805
Less : Provision for doubtful debts	--	--
<b>Total (a)</b>	<u>18,026</u>	<u>19,805</u>
b) Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured-considered good	824	968
Less : Provision for doubtful debts	--	--
<b>Total (b)</b>	<u>824</u>	<u>968</u>
<b>Total (a+b)</b>	<u>18,850</u>	<u>20,773</u>
<b>18. CASH AND BANK BALANCES</b>		
a) Cash and Cash Equivalents		
i) Cash on hand	6	8
ii) Balances in Current Accounts	468	945
<b>Total (a)</b>	<u>474</u>	<u>953</u>
b) Other Bank Balances		
i) Margin Money Deposit against LC & BG	4,993	4,240
ii) On Dividend A/c - Unclaimed	82	94
<b>Total (b)</b>	<u>5,075</u>	<u>4,334</u>
<b>Total (a+b)</b>	<u>5,549</u>	<u>5,287</u>
<b>19. SHORT-TERM LOANS AND ADVANCES</b>		
Trade Advances - Vendors	4,802	5,418
Loan & advances to Employees	22	58
Prepaid Expenses	184	134
Balances with Statutory / Government Authorities		
- Excise Duty	601	540
- Sales Tax (VAT)	3	--
- Income Tax	1,161	1,667
- Claims Receivable	865	331
<b>Total</b>	<u>7,638</u>	<u>8,148</u>
<b>20. OTHER CURRENT ASSETS</b>		
a) Accruals - Interest accrued on Deposits	235	135
b) Others		
i) Export incentives Receivable	36	59
ii) Railway Claims	5	4
<b>Total (a+b)</b>	<u>276</u>	<u>198</u>

### Notes forming part of Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March 2015

	For the year ended	
	31.03.2015	31.03.2014
<b>21. REVENUE FROM OPERATIONS</b>		
Sale of Manufactured Goods	195,651	176,537
Sale of Others	--	--
Duty Drawback and Export Incentives	186	229
<b>Total</b>	<u>195,837</u>	<u>176,766</u>
Less : Excise duty	20,178	18,224
<b>Total</b>	<u>175,659</u>	<u>158,542</u>
<b>22. OTHER INCOME</b>		
Interest Income (in case of a company other than a finance company)	483	405
Other non-operating income (net of expenses directly attributable to such income)	116	143
<b>Total</b>	<u>599</u>	<u>548</u>

	For the year ended	
	31.03.2015	31.03.2014
<b>23.a) Cost of Raw Material and Components Consumed</b>	(₹ in Lacs)	
Inventory at the beginning of the year	7,549	7,479
Add : Purchases	108,878	93,318
Less : Inventory at the end of the year	13,180	7,549
<b>Total Raw Material Consumption (a)</b>	<b>103,247</b>	<b>93,248</b>
<b>23.b) Other Manufacturing Expenses</b>		
Consumption of Fuel	5,272	5,596
Consumption of Power (Net of Captive consumption)	11,007	9,742
Sales Tax (Net of Incentive under Mega Project)	6,937	6,864
Freight & Forwarding	9,889	8,170
Other Works Overhead	7,583	6,242
<b>Total Other Manufacturing Expenses (b)</b>	<b>40,688</b>	<b>36,614</b>
<b>Total Expenses (a + b)</b>	<b>143,935</b>	<b>129,862</b>

a) Freight and Forwarding expenses for 2014 - 2015 includes additional levy of ₹ 579 Lacs calculated @ ₹ 295/- per ton for coal extracted from 1<sup>st</sup> April, 2014 to 31<sup>st</sup> March, 2015 in pursuance of the Supreme Court order dated 24<sup>th</sup> September, 2014.

b) The additional levy pertaining to the period from the commencement of operation to till 31<sup>st</sup> March, 2014 amounting to ₹ 2,545 lacs is shown as an exceptional item in the statement of profit and Loss.

#### Details of Raw Material & Components Consumed

Iron Ore & Iron Ore Fines	34,642	28,241
Coal & Coal Fines (Net of consumption of Coal from Captive Mines)	3,903	2,301
Coke	21,848	24,382
Sponge Iron	1,917	--
Scrap & HBI	1,015	1,033
Ferro Alloys	18,708	18,245
Fluxes, Minerals & Additives	8,438	8,513
Electrodes	1,849	1,650
Others	10,927	8,883
<b>Total</b>	<b>103,247</b>	<b>93,248</b>

#### Details of Inventory - Raw Material & Components

Iron Ore & Iron Ore Fines	3,880	1,637
Coal & Coal Fines (Net of consumption of Coal from Captive Mines)	2,371	1,005
Coke	1,565	1,260
Scrap & HBI	131	119
Ferro Alloys	1,235	1,188
Fluxes, Minerals & Additives	490	837
Electrodes	108	101
Goods in Transit	961	--
Others	2,439	1,402
<b>Total</b>	<b>13,180</b>	<b>7,549</b>

#### 24. (Increase) / Decrease in Inventories

##### Inventories at the end of the year :

Finished goods	18,440	20,678
Work-in-progress	7,794	4,839
<b>Total</b>	<b>26,234</b>	<b>25,517</b>

##### Inventories at the beginning of the year

Finished goods	20,678	18,524
Work-in-progress	4,839	6,690
<b>Total</b>	<b>25,517</b>	<b>25,214</b>

<b>Net (increase) / decrease</b>	<b>(717)</b>	<b>(303)</b>
----------------------------------	--------------	--------------



	For the year ended	
	31.03.2015	31.03.2014
	(₹ in Lacs)	
<b>25. Employee Benefit Expenses</b>		
Salaries, Wages and Bonus	6,942	6,341
Contribution to Provident and other Funds	722	702
Staff Welfare Expenses	542	463
<b>Total</b>	<b>8,206</b>	<b>7,506</b>
During the year Company recovered an amount of ₹ 79 Lacs from Managerial Personnel, being excess remuneration paid to them in 2013 - 2014 as per the directions of Central Government against our application for waiver of the same.		
<b>26. Finance Cost</b>		
Interest Expense	5,668	6,115
Other borrowing costs	1,545	1,439
Applicable net (gain) / loss on foreign currency transactions and translation	(69)	(255)
<b>Total</b>	<b>7,144</b>	<b>7,299</b>
<b>27. Other Expenses</b>		
<b>27.1 Administration &amp; Selling Expenses</b>		
Travelling Expenses	366	297
Insurance Charges	188	204
Rent, Rates and Taxes	299	238
Repairs and Maintenance	146	94
Printing and Stationary	26	23
Postage and Telephones	104	66
Admin Expenses	493	406
Legal and Professional Expenses	497	417
Payment to Statutory Auditors (Refer Details below)	16	16
Payment to other Auditors (including internal Audit Fees)	8	2
Commission	171	141
Discounts	4,714	4,697
Other Selling Overheads	279	175
<b>Total</b>	<b>7,307</b>	<b>6,776</b>
<b>27.2 Payments to Auditors</b>		
Statutory Audit Fees	11	12
Tax Audit Fees	2	2
Other Services	--	--
Statutory Auditors out of Pocket expenses	3	2
<b>Total</b>	<b>16</b>	<b>16</b>
<b>27.3 Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>i) Contingent liabilities</b>		
a) Unexpired Letter of Credit	4,549	6,102
b) Guarantees issued by Company's Bankers on behalf of the Company	9,082	4,153
c) Bonds / Undertakings given by the Company under Duty Exemption Scheme to the Custom Authorities	2,598	2,598
d) Bills Discounted	6,935	7,170
e) Excise Duty & Custom Duty against which Company has preferred an Appeal	65	65
f) Income Tax Liability - Disputed but paid	1,325	1,538
<b>ii) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for :		
- Tangible Assets	497	882

**27.4 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

Based on the data available with the Company, there were no dues to Micro, Small and Medium Enterprises as on 31<sup>st</sup> March, 2015 due for a period of more than 45 days, accordingly, no interest was paid / is payable in terms of the said Act during the year under review.

**27.5 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges**

Loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such Companies.

(₹ in Lacs)

Name of Company	Relationship	Amount Outstanding as at		Maximum balance Outstanding during	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
Khappa Coal Company Private Limited	Subsidiary	737	737	737	737
Sunflag Power Limited	Subsidiary	958	945	958	945
Gujarat State Mining & Resources Corporation Limited	Joint Venture	2	2	2	2

	For the year ended	
	31.03.2015	31.03.2014
<b>27.6 Value of imports calculated on CIF basis :</b>	(₹ in Lacs)	
Raw Materials	9,653	4,275
Spare Parts & Components	268	216
Capital goods	--	--
<b>27.7 Expenditure in foreign currency :</b>		
Technical Services	34	138
Subscription & Membership Fees	3	8
Foreign Travelling	19	18
Other matters	35	17
<b>27.8 Earnings in foreign exchange :</b>		
Export of goods calculated on FOB basis	7,967	8,026
<b>27.9 Details of consumption of imported and indigenous items :</b>		

Particulars	for the year ended		for the year ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Imported</b>	%	%	(₹ in Lacs)	
Raw Materials	9.35	7.79	9,653	4,857
Components & Spare Parts	0.26	0.57	268	283
<b>Total</b>	<b>9.61</b>	<b>8.36</b>	<b>9,921</b>	<b>5,140</b>
<b>Indigenous</b>				
Raw Materials	87.44	90.89	90,276	86,989
Components & Spare Parts	2.95	0.75	3,049	1,121
<b>Total</b>	<b>90.39</b>	<b>91.64</b>	<b>93,325</b>	<b>88,110</b>

**27.10 Segment information**

The Company's business activity primarily falls within a single business segment i.e., Iron & Steel business, however, the Company also generate power from its Captive Plant, which is entirely consumed in Iron & Steel Manufacturing Unit and no sale to third party has been made. The details of such consumed units are shown below. Hence there are no additional disclosures to be made under Accounting Standard (AS) 17, other than those already provided in the financial statements.

Particulars	For the year ended	
	31.03.2015	31.03.2014
Units consumed (kWh'000)	138,753	135,118
Value (₹ in Lacs)	9,832	9,331

**27.11 Employee benefit plans**

In view of the mandatory applicability of the revised Accounting Standard on Employee Benefits (AS 15 Revised) to the Company, effective 1<sup>st</sup> January 2007, the additional charges are paid and charged to the statement of Profit & Loss according to the provisions of AS-15 (Revised) as under :

- Employees Provident Fund, the company has made good the shortfall of interest on fund 'Nil' (previous year ₹ 9.00 Lacs)

Further, the following table sets out plan for the Employees Benefits as required under Accounting Standard 15 (Revised)

(₹ in Lacs)

Particulars	Gratuity		Provident Fund		Superannuation	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Statement showing changes in Present Value of obligation :</b>						
Present value of obligations at the beginning of the year	1,133	1,030	4,395	4,020	1,975	1,778
Interest Cost	105	94	395	342	159	170
Current Service Cost	106	105	815	768	243	212
Benefits paid	(112)	(96)	(706)	(735)	(299)	(185)
Actuarial Loss on Obligations	-	-	-	-	-	-
Present value of obligations as at the end of the year	1,232	1,133	4,899	4,395	2,078	1,975
<b>Table showing changes in the fair value of Plan Assets :</b>						
Fair value of Plan Assets at the beginning of year	1,143	1,030	4,395	4,020	1,975	1,778
Expected return on Plan Assets	105	94	395	333	159	170
Contributions	98	115	815	768	243	212
Benefits paid	(112)	(96)	(706)	(735)	(299)	(185)
Actuarial Gain / (Loss) on Plan Assets	-	-	-	-	-	-
Fair value of Plan Assets at the end of the year	1,234	1,143	4,899	4,386	2,078	1,975
Funded Status	(2)	(10)	-	-	-	-
Excess of Actual over estimated return on Plan Assets	-	-	-	-	-	-
<b>Actuarial Gain / (Loss) recognised :</b>						
Actuarial Gain / (Loss) for the year - Obligation	-	-	-	-	-	-
Actuarial Gain / (Loss) for the year - Plan Assets	8	(10)	-	9	-	-
Total Loss for the year	-	-	-	-	-	-
Actuarial Gain / (Loss) recognised in the year	8	(10)	-	9	-	-
<b>Amounts to be recognised in the Balance Sheet :</b>						
Present value of obligations as at the end of the year	1,232	1,133	4,899	4,395	2,078	1,975
Fair value of Plan Assets as at the end of the year	1,234	1,143	4,899	4,386	2,078	1,975
Funded Status	8	(10)	-	9	-	-
Net Asset / (Liability) Recognised in the Balance Sheet	8	10	-	(9)	-	-
<b>Expenses Recognised in the statement of Profit and Loss Account :</b>						
Current Service Cost	106	105	395	342	-	-
Interest Cost	-	-	-	-	-	-
Expected Return on Plan Assets	-	-	395	333	-	-
Net Actuarial (Gain) / Loss Recognised in the Statement of Profit & Loss	8	(9)	-	-	-	-
Expenses Recognised in Statement of Profit & Loss	98	115	-	9	-	-
<b>Actuarial Assumptions :</b>						
Discount Rate	9.00%	8.85%	8.75%	8.75%	-	-
Salary Escalation	5.00%	5.00%	5.00%	5.00%	-	-
<b>Investment Details (%) :</b>						
GOI Securities	-	-	42%	52%	-	-
State Government Securities	-	-	25%	17%	-	-
Approved Marketable Securities	-	-	-	-	-	-
Bonds / Debentures etc	-	-	34%	31%	-	-
Loans	-	-	-	-	-	-
Equity	-	-	-	-	-	-
Liquid fund / Money Market Instrument	-	-	-	-	-	-
<b>Total</b>	-	-	<b>100%</b>	<b>100%</b>	-	-

a) The investment details of Gratuity funds are as per the Scheme of Life Insurance Corporation of India (LIC).

b) The investment details of Superannuation funds are as per the Scheme of Life Insurance Corporation of India (LIC) under two plans. Eventhough these plans are still continuing, Company has stopped making contribution towards One plan i.e. Superannuation Scheme of Workers w.e.f. 1<sup>st</sup> April, 1995 on payment of bonus in the year 1995 as per the terms and conditions of Rules framed at the time of subscribing to the designated policy of LIC. Company was liable as per terms and conditions of the Trust deed to pay contributions only till applicability of provisions of payment of Bonus Act.

## 27.12 Related Party Disclosure (as identified by the Management)

(₹ in Lacs)

Related party	Account	Transactions Year ended		Outstanding As on	
		31.03.2015	31.03.2014	31.03.2015	31.03.2014
<b>Subsidiaries</b>					
<b>Associate Enterprises</b>					
Haryana Televisions Limited	Rent	46	32	28	28
Ridge Farm Developers (P) Limited	Rent	--	13	--	10
	Expenses	--	7	--	--
<b>Key Managerial Personnel</b>					
Mr. P.B. Bhardwaj	Commission	26	17	--	--
Mr. Ravi Bhushan Bhardwaj } Mr. Pranav Bhardwaj }	Remuneration & Commission	125	80	--	--
Mr. Surendra Kumar Gupta	Remuneration	75	54	--	--
<b>Relative to Key Managerial Personnel</b>					
Mr. Suhrit Bhardwaj	Rent Paid	20	20	--	--
	Refundable Security Deposit	--	--	10	10
<b>Joint Ventures</b>					
Madanpur (North) Coal Company Private Limited	Share Application Money	--	5	5	5
Gujarat State Mining and Resources Corporation Limited	Interest Free Unsecured Loan	--	--	2	2
<b>Total</b>				45	55

## 28. EARNINGS PER SHARE

Basic Earnings per Share	Year Ended 31.03.2015	Year Ended 31.03.2014
<b>Continuing Operations</b>		
Profit/(Loss) after Tax (₹ in Lacs) from continuing operations	2,441	2,168
Weighted Average shares outstanding at the end of Year	172,171,292	162,197,503
Number of Equity Shares (Outstanding at the end of the year)	180,219,448	162,197,503
Basic / Diluted Earnings ₹ per Share	1.42	1.34

Since there is no fresh issue or Bonus issue and also the absence of any other type of Share Capital Outstanding at the end of the year, the Diluted EPS and Basic EPS are same.

## 29. INTEREST IN JOINT VENTURES

The Company has interests in the following jointly controlled entities:

Particulars	Name of Company					
	Madanpur (North) Coal Company Private Limited		C T Mining Private Limited		Gujarat States Mining Resources Corporation Ltd.	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
% of Shareholding	11.73	11.73	31.80	31.80	49.00	49.00
Amount of Interest based on accounts for the year ended (₹ in Lacs) :						
Assets	126.00	126.00	328.00	327.00	--	--
Liabilities	126.00	126.00	328.00	327.00	--	--
Income	--	--	--	--	--	--
Expenditure	--	--	--	--	--	--
Contingent Liabilities	389.00	389.00	489.00	489.00	--	--
Capital Commitments	--	--	--	--	--	--

30. Previous year figures have been rearranged or regrouped wherever necessary to conform to current year's classification. The line items which are either not applicable or were NIL for both the years are omitted in presentation.

**PROXY FORM**

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

**SUNFLAG IRON AND STEEL COMPANY LIMITED**

**REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001**

Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003

Tel No. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, E-Mail ID : investor@sunflagsteel.com, Website : www.sunflagsteel.com

**29<sup>th</sup> Annual General Meeting - Friday, the 25<sup>th</sup> September 2015 at 3.00 p.m.**

Name of the Member(s) :

Registered Address :

Email ID :

DPID	<input type="text"/>
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Reg. Folio No.	<input type="text"/>
----------------	----------------------

CLID	<input type="text"/>
------	----------------------

No. of Shares	<input type="text"/>
---------------	----------------------

1. Name : ..... Email : .....

Address : .....

..... Signature : .....

or failing him / her

2. Name : ..... Email : .....

Address : .....

..... Signature : .....

or failing him / her

3. Name : ..... Email : .....

Address : .....

..... Signature : .....

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Annual General Meeting of the Company, to be held on Friday, the 25<sup>th</sup> September, 2015 at 3.00 p.m. at the Indian Medical Association's J R Shaw Auditorium, North Ambazari Road, Nagpur – 440010 and at any adjournment thereof in respect of such resolution as are indicated below :

Sr. No.	Resolution	Vote (Optional) (Refer Note 2)		
		For	Against	Abstain
<b>Ordinary Business</b>				
1	Adoption of Financial Statements (Standalone & Consolidated) viz. Balance Sheet, Statement of Profit and Loss, Cash Flow Statements, Report of the Board of Directors and Auditors for the Year ended 31 <sup>st</sup> March, 2015			
2	Appointment of a Director in place of Mr. Pranav Bhardwaj (DIN - 00054805) Managing Director of the Company, who retires by rotation and being eligible, offers himself for re-appointment			
3	Re-appointment of Messers Patel, Shah & Joshi, Chartered Accountants, Mumbai (ICAI-Firm Registration No.107768W) as the Statutory Auditors of the Company			
<b>Special Business</b>				
4	Appointment of Mrs. Neelam Kothari (DIN : 06709241) as a Non-executive, Independent Director of the Company			
5	Revision in remuneration of Mr. Ravi Bhushan Bhardwaj (DIN : 00054700) as the Vice-Chairman & Managing Director of the Company			
6	Revision in remuneration of Mr. Pranav Bhardwaj (DIN : 00054805) as the Joint Managing Director of the Company effective 1 <sup>st</sup> April, 2014 and Re-designation as the Managing Director of the Company effective 12 <sup>th</sup> August, 2015			
7	Revision in remuneration of Mr. Surendra Kumar Gupta (DIN : 00054836) as the Whole-time Director designated as the Director & CEO of the Company effective 1 <sup>st</sup> April, 2014 and Re-designation as the Deputy Managing Director of the Company effective 12 <sup>th</sup> August, 2015			
8	Appointment of Mr. Pranav Bhardwaj (DIN : 00054805) as the Managing Director of the Company for a further period of five (5) years effective 17 <sup>th</sup> January, 2016			
9	Ratification of Remuneration of Cost Auditors of the Company			
10	Adoption of new set of Articles of Association of the Company inter-alia pursuant to the Companies Act, 2013			

Signed this .....day of .....2015

Signature of shareholder .....

Affix  
Revenue  
Stamp.....  
Signature of first proxy holder.....  
Signature of second proxy holder.....  
Signature of third proxy holder

Notes :

1. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of meeting.
2. It is optional to indicate your preference. If you leave the for, against or abstain column blank against any or all resolutions, your proxy will be entitled to vote in the manner as he / she may deem appropriate.

**ATTENDANCE SLIP****SUNFLAG IRON AND STEEL COMPANY LIMITED****REGISTERED OFFICE : 33, MOUNT ROAD, SADAR, NAGPUR - 440001**

Corporate Identification Number (CIN) – L 27100 MH 1984 PLC 034003

Tel No. + 91 712 2524661 / 2520356-7-8, Fax No. + 91 712 2520360, E-Mail ID : investor@sunflagsteel.com, Website : www.sunflagsteel.com

**29<sup>th</sup> Annual General Meeting on Friday, the 25<sup>th</sup> September 2015 at 3.00 p.m.**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint Shareholders may obtain additional Slips on request.

NAME &amp; ADDRESS OF THE SHAREHOLDER(S)

DPID	
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Reg. Folio No.	
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CLID	
------	--

No. of Shares	
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I hereby record my presence at the 29<sup>th</sup> Annual General Meeting of the Company held at Indian Medical Association's J.R. Shaw Auditorium, North Ambazari Road, Nagpur - 440010 on Friday, the 25<sup>th</sup> September 2015 at 3.00 p.m.

**SIGNATURE OF THE SHAREHOLDER OR THE PROXY ATTENDING THE MEETING**

If Shareholder, Please Sign here

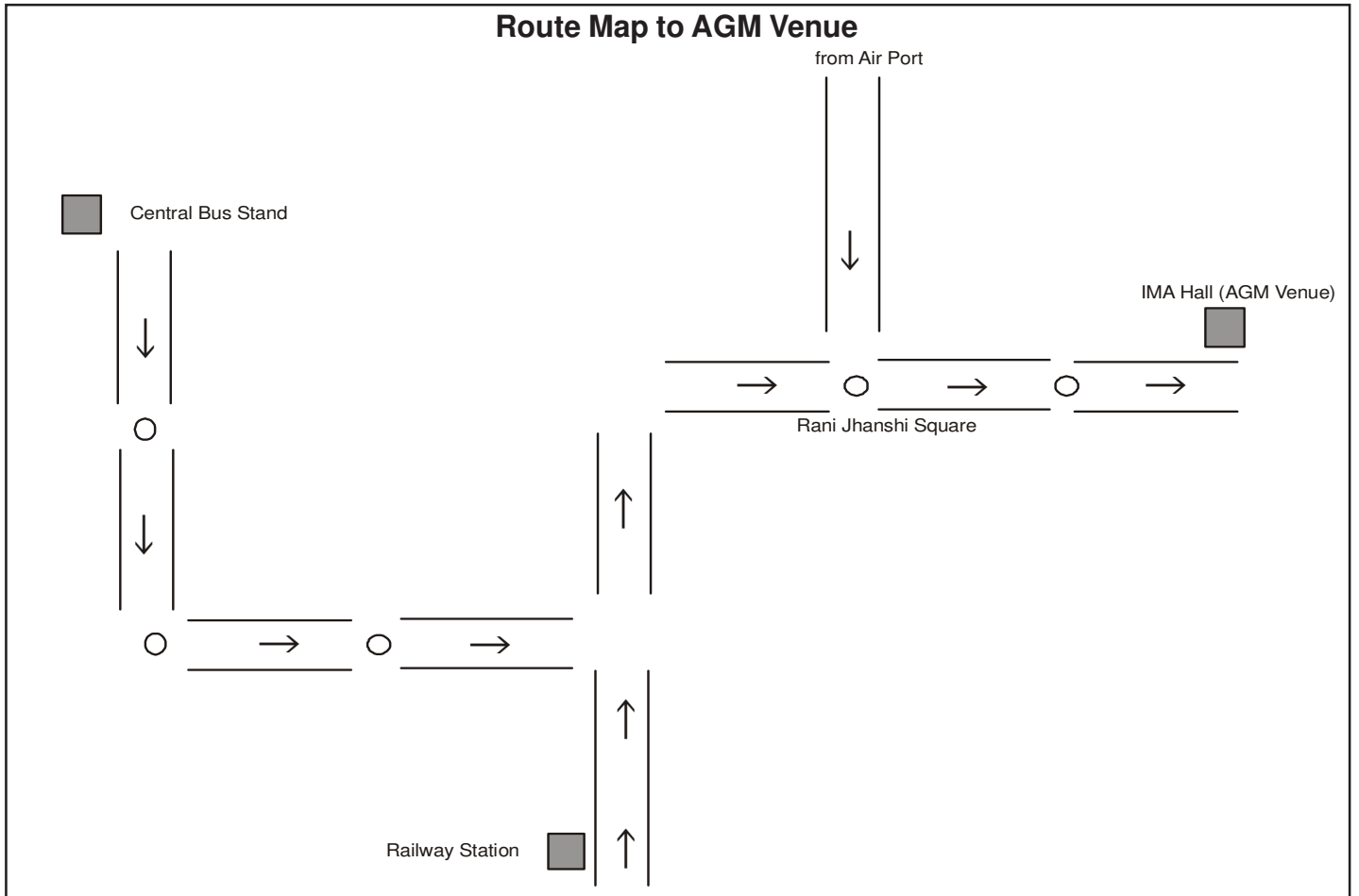
<p>.....</p>
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If Proxy, Please Sign here

<p>.....</p>
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Note : Your copy of Annual Report may please be brought alongwith you to the meeting hall

### Route Map to AGM Venue



### POST / COURIER

If undelivered please return to :

**SUNFLAG IRON AND STEEL COMPANY LIMITED**

Registered Office : 33, Mount Road, Sadar NAGPUR - 440001 (MAHARASHTRA) INDIA

visit us at : [www.sunflagsteel.com](http://www.sunflagsteel.com)