CIN : L27109TG1989PLC010654

SATHAVAHANA ISPAT LIMITED

Regd. Off. : 505, Block 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016.
Phones : 23730812,3,4 Fax : +91-40-23730566 E-mail : info@sathavahana.com
web : www.sathavahana.com

REF: SIL/SEC/2019

October 7th, 2019

To, Bombay Stock Exchange Limited, Corporate Relationship Department, P J Towers, New Trading Ring Rotunda Building, Dalal Street, **MUMBAI – 400 001.**	To, National Stock Exchange of India Limited, Listing Department, Regd. Office: "Exchange Plaza", Bandra Kurla Complex, **MUMBAI -400 051.**
STOCK CODE: 526093	**STOCK CODE: SATHAISPAT**

Dear Sir/Madam,

Sub: Annual Report as adopted in the AGM of the Company-reg

Pursuant to Regulation 34 of SEBI (LODR) Regulations, 2015, we are herewith forwarding annual report as approved and adopted by shareholders in the 30th Annual General Meeting of the Company held on 30.09.2019.

Request you to kindly take the same on record.

Thanking you,

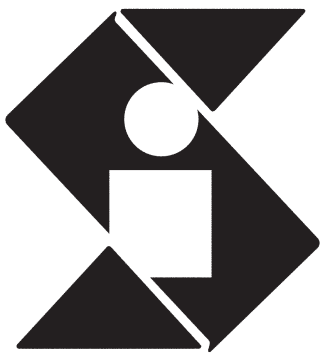
Yours faithfully,

For **Sathavahana Ispat Limited**

A.Sainath
Company Secretary

SATHAVAHANA ISPAT LIMITED *HYD*

SATHAVAHANA ISPAT LIMITED



30th
ANNUAL REPORT
2018-19

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AGM		:	30th Annual General Meeting
Day and Date		:	Monday, the 30th September 2019
Time		:	3.00 pm
Venue		:	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad – 500 038
Date of Book Closure			
i)	Physical Mode	:	21.09.2019 to 30.09.2019 (Both days inclusive)
ii)	Electronic Mode	:	20.09.2019
iii)	Cut of Date / Record Date	:	20.09.2019
ISIN No.		:	INE 176C01016
Listing		:	BSE Limited (BSE) (Stock Code : 526093) National Stock Exchange of India Limited (NSE) (Stock Code : sathaispat)

GENERAL CORPORATE INFORMATION

BOARD OF DIRECTORS:

Shri K.Thanu Pillai	Chairman
Shri A.S.Rao	Executive Vice Chairman
Shri Syed Anis Hussain	Director
Shri S.N.Rao	Director
Shri A. Naresh Kumar	Managing Director
Dr. Shailendra Dasari	Executive Director(Resigned w.e.f 31st January 2019)
Smt. Latha Pamula	Director (Appointed w.e.f 14th February 2019)
Shri Kiran Kumar Yeda	Director (Appointed w.e.f 1st April 2019)
Shri Ramana Kumar Davuluri	Executive Director (Appointed w.e.f 20th April 2019)

KEY MANAGERIAL PERSONNEL:

CHIEF FINANCIAL OFFICER	Shri V.S.R.K Hanuman (Appointed w.e.f 14th February 2019)
COMPANY SECRETARY & COMPLIANCE OFFICER	Shri A.SAINATH (Appointed w.e.f 14th February 2019)
AUDITORS:	M/s. Majeti & Co., Chartered Accountants, Hyderabad
SECRETARIAL AUDITORS:	M/s D.Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad
COST AUDITORS:	M/s S. Mahadevan & Co., Practicing Cost Accountants, Coimbatore
BANKERS:	Canara Bank State Bank of India Andhra Bank IFCI
REGISTERED OFFICE & SECRETARIAL DEPARTMENT:	505, 5th Floor, Block - 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016 Telangana
SHARE TRANSFER AGENTS:	M/s. XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD – 500 034 Telangana
PLANTS:	1. Haresamudram Village, Bommanahal Mandal, Anantapuram District, Andhra Pradesh. 2. Kudithini Village, Korugodu Road, Bellary District, Karnataka.

NOTICE OF 30th ANNUAL GENERAL MEETING

NOTICE is hereby given that the 30th Annual General Meeting of the shareholders of **SATHAVAHANA ISPAT LIMITED** will be held at Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad – 500 038 on Monday, the 30th September, 2019 at 3.00 p.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2019 along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri NARESH KUMAR ADUSUMILLI (DIN: 00112566) who retires by rotation and being eligible, offers himself for reappointment as Director.
3. To Re-appoint Shri S.N.RAO (DIN: 00116021) as Independent Director for Second Term.
4. To appoint Shri RAMANA KUMAR DAVULURI (DIN-01713259) as Executive Director (Operations).

AS SPECIAL BUSINESS:

5. To re-appoint Shri NARESH KUMAR ADUSUMILLI (DIN: 00112566) as Managing Director and fix his remuneration in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED that pursuant to the provisions of Sections 2 (78), 2 (94),196,197 and 203, read with Schedule V and other applicable provisions if any, of the Companies Act 2013, and Companies (Appointment and Remuneration of Managerial personnel) Rules 2014, approval be and is hereby accorded to the appointment of Shri NARESH KUMAR ADUSUMILLI (DIN: 00112566) Managing Director for a period of three years effect from 01.06.2019 to 31.05.2022 on the following remuneration:

1. SALARY :
   Salary of Rs. 5,00,000/- per month.

2. PERQUISITES:
   The following perquisites may be allowed in addition to salary.

CATEGORY A:

i. Housing I : The expenditure incurred by the Company on hiring furnished accommodation which will be subject to the following ceiling:

Sixty percent of the salary over and above ten percent payable by the appointee;

Or

Housing II: In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company; or

In case no accommodation is provided by the Company a House Rent Allowance subject to the ceiling laid down in Housing I.

Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 and shall be subject to a ceiling of ten percent of salary of the appointee.

ii. Medical Reimbursement : Expenses incurred for self and dependent family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

iii. Leave Travel Concession for self and family, once in a year incurred in accordance with any rules specified by the Company.

iv. Club fee subject to a maximum of two Clubs. This will not include admission and life membership fee.

v. Personal accident insurance the premium of which shall not exceed Rs.1,00,000/- per annum.

vi. Medical Insurance premium for self and dependent family the premium of which shall not exceed Rs. 50,000/- per annum.

CATEGORY B:

i. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act 1961.

ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

iii. Encashment of leave at the end of the tenure.

CATEGORY C:

Provision of car for use on Company's business and telephone at residence / mobiles. Personal long distance calls on telephone and the use of car for private purpose shall be billed by the Company to the appointee.

3. MINIMUM REMUNERATION:

In the event of losses or inadequacy of profits during the period of appointment, the appointee is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act 2013".

4. REMUNERATION TENOR AND CEILING:

The remuneration fixed herein is for a period of three years from 01.06.2019 to 31.05.2022 and the Board of Directors of the Company be and is hereby authorised to vary or modify the terms of remuneration in the said tenure without any further reference to the Company in General Meeting subject to however that the overall remuneration payable to the appointee is within the ceiling limits laid down in Section 197 read with Schedule V to the Companies Act 2013."

"RESOLVED further that the office of MANAGING DIRECTOR held by Shri NARESH KUMAR ADUSUMILLI pursuant to this resolution is liable to determination by retirement of Directors by rotation".

6. To appoint Shri Ramana Kumar Davuluri (DIN-01713259) as Executive Director (Operations) and fix his remuneration in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED that pursuant to the provisions of Sections 2 (78), 2 (94), 197 and 203, read with Schedule V and other applicable provisions if any, of the Companies Act 2013, approval be and is hereby accorded to the appointment of Shri Ramana Kumar Davuluri (DIN: 01713259), as Executive Director (Operations) for a period of three years effect from 20th April 2019 to 19th April 2022 on the following remuneration.

1. SALARY :
   Basic Salary of Rs. 1,36,779/- per month.
2. PERQUISITES:
   The following perquisites may be allowed in addition to salary.

CATEGORY A:

i. Housing: The expenditure incurred by the Company on hiring furnished accommodation which will be subject to the following ceiling:

   Sixty percent of the salary over and above ten percent payable by the appointee;

   Or

   In case no accommodation is provided by the Company a House Rent Allowance subject to the ceiling laid down in the above.

   Explanation: Where accommodation is owned by the Company, the appointee is not entitled to the above housing perquisite. In all the above cases, the expenditure incurred by the Company on free housing, gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 and shall be subject to a ceiling of ten percent of salary of the appointee.

ii. Medical Reimbursement : Expenses incurred for self and dependent family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.

iii. Leave Travel Concession for self and dependent family, once in a year incurred in accordance with any rules specified by the Company.

iv. Personal Accident Insurance the premium of which shall not exceed Rs.50,000/- per annum.

v. Medical Insurance premium for self and dependent family the premium of which shall not exceed Rs. 25,000/- per annum.

CATEGORY B:

i. Contribution to Provident Fund, Superannuation Fund and Annuity Fund to the extent these either singly or put together are not taxable under Income Tax Act,1961.

ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and

iii. Encashment of leave at the end of the tenure.

CATEGORY C:

Provision of car for use on Company's business and telephone at residence / mobiles. Personal long distance calls on telephone and the use of car for private purpose shall be billed by the Company to the appointee.

3. MINIMUM REMUNERATION:

   In the event of losses or inadequacy of profits during the above period, the appointee is entitled to a minimum salary and perquisites as provided in Schedule V and other applicable provisions to the Companies Act 2013".

4. REMUNERATION TENOR AND CEILING:

   The remuneration fixed herein is for a period of three years from 20th April 2019 to 19th April 2022 and the Board of Directors of the Company be and is hereby authorised to vary or modify the terms of remuneration in the said period without further reference to the Company in General Meeting subject to however that the overall remuneration payable to the appointee is within the ceiling limits laid down in Section 197 read with Schedule V to the Companies Act 2013."

   "RESOLVED further that the office of Executive Director (Operations) held by Shri Ramana Kumar Davuluri pursuant to this resolution is liable to determination by retirement of Directors by rotation".

7. To approve the appointment and fix remuneration payable to Cost Auditors, M/S.NAGESWARA RAO & CO., (Firm's Registration Number: 000332) for the year ending 31st March 2020 and in this regard to consider and, if thought fit, to pass with or without modification(s) the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED that pursuant to the provisions of Section 148 and other applicable provisions if any, of the Companies Act 2013 and the Companies (Audit and Auditors) Rules, 2014 including any statutory modification(s) or re-enactment thereof, for the time being in force, the Cost Auditors, M/S.NAGESWARA RAO & CO., Practicing Cost Accountants (Firm's Registration Number: 000332) be and hereby, based on the recommendation of the Audit Committee, appointed as Cost Auditors of the Company to conduct Cost Audit of the Cost Records of the Company for the financial year

ending 31st March 2020 and be paid a remuneration of Rs.75,000/- (Rupees Seventy five thousand only) plus Goods and Service Tax and travelling / out of pocket expenses at actuals.

RESOLVED further that the Board of Directors of the Company be and are hereby authorized to do all such acts, matters, deeds and things as may be necessary to give effect to the above resolution."

By order of the Board

(A. Sainath)
Company Secretary
ACS.57553

Hyderabad
Date: 14.08.2019

CIN: L27109TG1989PLC010654
Regd. Office: Flat 505, 5th Floor,
Block -1, Divyashakti Complex, Ameerpet
Hyderabad - 500016

NOTES:

1. EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 IS ANNEXED.
2. THE RELEVANT DETAILS OF DIRECTORS, AS REQUIRED BY LISTING REGULATIONS SEEKING Re-APPOINTMENT UNDER ITEM NO. 2 to 6 ABOVE IS ANNEXED.
3. IN COMPLIANCE WITH PROVISIONS OF SECTION 108 OF THE COMPANIES ACT 2013 READ WITH THE RULES MADE THERE UNDER AND IN ACCORDANCE WITH REGULATION 44 OF LISTING REGULATIONS 2015, THE COMPANY IS FACILITATING REMOTE E-VOTING OPTION FOR ITS MEMBERS TO ENABLE THEM TO CAST THEIR VOTES ELECTRONICALLY. MEMBERS HAVE OPTION TO VOTE EITHER THROUGH REMOTE E-VOTING OR THROUGH THE PHYSICAL BALLOT PAPER. IF A MEMBER HAS OPTED FOR REMOTE E-VOTING, THEN HE/SHE SHOULD NOT VOTE BY PHYSICAL BALLOT ALSO AND VICE-VERSA. HOWEVER, IN CASE MEMBERS CAST THEIR VOTE BOTH VIA PHYSICAL BALLOT AND REMOTE E-VOTING, THEN VOTING THROUGH REMOTE E-VOTING SHALL PREVAIL AND VOTING DONE BY PHYSICAL BALLOT SHALL BE TREATED AS INVALID. FOR THE PURPOSE OF REMOTE E-VOTING, THE COMPANY HAS SIGNED AN AGREEMENT WITH THE CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED ("CDSL") FOR FACILITATING REMOTE E-VOTING.
4. A MEMBER DESIRING TO EXERCISE VOTE BY PHYSICAL BALLOT SHALL FILL IN AND COMPLETE IN ALL RESPECTS THE BALLOT PAPER DULY CHECK (✓) MARKED WITH ASSENT (FOR) OR DISSENT (AGAINST) AND SIGN (AS PER SPECIMEN SIGNATURE REGISTERED WITH THE COMPANY) AND SEND THE SAME TO THE SCRUTINIZER IN THE SELF-ADDRESSED BUSINESS REPLY ENVELOPE.
5. THE NOTICE IS BEING SENT TO ALL THE MEMBERS, WHOSE NAMES APPEAR IN THE REGISTER OF MEMBERS / LIST OF BENEFICIAL OWNERS RECEIVED FROM NATIONAL SECURITIES DEPOSITORY LIMITED (NSDL)/ CENTRAL DEPOSITORY SERVICES (INDIA) LIMITED (CDSL) AS ON 24TH AUGUST, 2019.
6. VOTING RIGHTS SHALL BE RECKONED IN PROPORTION TO THE PAID-UP EQUITY SHARES REGISTERED IN THE NAME OF THE MEMBER AS ON CUT OFF DATE / RECORD DATE 20TH SEPTEMBER, 2019.
7. RESOLUTIONS PASSED BY THE MEMBERS THROUGH PHYSICAL BALLOT ARE DEEMED TO HAVE BEEN PASSED EFFECTIVELY AT THE ANNUAL GENERAL MEETING OF THE MEMBERS. THE SPECIAL RESOLUTION SHALL BE DECLARED AS PASSED IF THE NUMBER OF VOTES CAST IN FAVOUR OF THE SPECIAL RESOLUTION IS NOT LESS THAN THREE TIMES THE NUMBER OF VOTES CAST AGAINST THE SPECIAL RESOLUTION. THE ORDINARY RESOLUTION SHALL BE DECLARED AS PASSED IF THE NUMBER OF VOTES CAST IN FAVOUR OF THE ORDINARY RESOLUTION IS MORE THAN THE VOTES CAST AGAINST THE ORDINARY RESOLUTION.
8. A MEMBER ENTITLED TO ATTEND AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. MEMBER INTENDING TO APPOINT A PROXY SHOULD COMPLETE THE PROXY FORM FURNISHED ELSEWHERE AND DEPOSIT IT AT THE COMPANY'S REGISTERED OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. CORPORATE MEMBERS WISHING TO DEPUTE THEIR AUTHORISED REPRESENTATIVES ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF BOARD RESOLUTION AUTHORISING THEIR REPRESENTATIVES TO ATTEND AT THE GENERAL MEETING.
9. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM **21.09.2019** TO **30.09.2019** (BOTH DAYS INCLUSIVE) FOR ELECTRONIC MODE FOR DETERMINING THE NAMES OF MEMBERS ELIGIBLE FOR THE PURPOSE OF ANNUAL GENERAL MEETING. THE VOTING RIGHTS OF MEMBERS SHALL BE IN PROPORTION TO THEIR SHARES IN THE PAID UP EQUITY SHARE CAPITAL OF THE COMPANY AS ON THE CUT-OFF DATE / RECORD DATE OF 20.09.2019. ANY PERSON, WHO ACQUIRES SHARES OF THE COMPANY AND BECOMES A MEMBER OF THE COMPANY AFTER DISPATCH OF THE NOTICE AND HOLDING SHARES AS OF THE CUT OFF DATE / RECORD DATE OF 20.09.2019, MAY OBTAIN USER ID AND PASSWORD BY SENDING A REQUEST AT CS@SATHAVAHANA.COM OR AT XLFIELD@GMAIL.COM
10. THE COMPANY HAS NOT DECLARED ANY DIVIDEND FOR THE YEAR ENDING 31ST MARCH 2012 TO 31ST MARCH 2019.
11. MEMBERS DESIROUS OF SEEKING CLARIFICATIONS ON ACCOUNTS ARE REQUESTED TO SEND THEIR QUERIES TO THE REGISTERED OFFICE ADDRESS OF THE COMPANY ATLEAST SEVEN DAYS BEFORE THE DATE OF THE ANNUAL GENERAL MEETING TO ENABLE THE COMPANY TO COMPILE AND FURNISH REQUIRED INFORMATION.
12. THE SHAREHOLDERS HOLDING SHARES IN PHYSICAL MODE ARE REQUESTED TO INTIMATE IMMEDIATELY ANY CHANGE IN THEIR ADDRESS REGISTERED WITH THE COMPANY TO THE SHARE TRANSFER AGENTS M/S XL SOFTECH SYSTEMS LIMITED, #3, SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS, HYDERABAD – 500 034.

13. MEMBERS ARE REQUESTED TO UPDATE THEIR EMAIL IDS IN ORDER TO COMMUNICATE SPEEDILY AND AS A PART OF GREEN INITIATIVE.

14. THE SHAREHOLDERS ARE HEREBY REQUESTED THAT ALL THE CORRESPONDENCE IN CONNECTION WITH THE SHARES BE ADDRESSED TO THE SHARE TRANSFER AGENTS OF THE COMPANY M/S XL SOFTECH SYSTEMS LIMITED, #3, SAGAR SOCIETY, ROAD NO.2, BANJARA HILLS, HYDERABAD – 500 034, EMAIL:XLFIELD@GMAIL.COM OR TO THE SECRETARIAL DEPARTMENT OF THE COMPANY AT 505, 5TH FLOOR, BLOCK-1, DIVYASHAKTI COMPLEX, AMEERPET, HYDERABAD – 500 016 EMAIL CS@SATHAVAHANA.COM

15. PURSUANT TO THE DIRECTIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) THE SHARES OF THE COMPANY ARE TO BE COMPULSORILY TRADED IN DEMAT MODE W.E.F 26TH FEBRUARY, 2001. MEMBERS HOLDING SHARES IN PHYSICAL MODE CONVERT THEIR EQUITY HOLDINGS OF THE COMPANY INTO DEMAT MODE BY OPENING THE DEMAT ACCOUNTS WITH DEPOSITORY PARTICIPANTS WHO ARE ACTING AS AGENTS TO THE DEPOSITORIES VIZ., NSDL AND CDSL. THE COMPANY HAS BEEN ALLOTTED THE ISIN NO. INE176C01016. HOWEVER, MEMBERS MAY CONTINUE TO HOLD THE SHARES OF THE COMPANY IN PHYSICAL FORM AT THEIR OPTION BUT FOR TRADING THE SAME ON THE STOCK EXCHANGES, CONVERSION INTO DEMAT MODE IS COMPULSORY,FOR TRADING PURPOSES, DEMATERILISATION OF SHARES IS MANDATORY POST 01.04.2019.

16. MEMBERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT TO THE MEETING. MEMBERS / PROXIES SHOULD FILL THE ATTENDANCE SLIP FOR ATTENDING THE MEETING. MEMBERS / PROXIES ARE REQUESTED TO FILL IN THE CLIENT ID AND DP ID NUMBERS IN CASE OF ELECTRONIC HOLDING AND FOLIO NUMBER IN CASE OF PHYSICAL HOLDING IN THE ATTENDANCE SLIPS.

17. MEMBERS HOLDING SHARES IN PHYSICAL FORM AND DESIROUS OF AVAILING THE BENEFIT OF NOMINATION FACILITY IN TERMS OF SECTION 72 OF THE COMPANIES ACT, 2013 READ WITH ARTICLE 64A OF ARTICLES OF ASSOCIATION OF THE COMPANY, MAY DO SO BY SENDING THEIR REQUESTS IN FORM 2B COPY OF WHICH WILL BE MADE AVAILABLE ON A REQUEST TO THE REGISTRAR AND SHARE TRANSFER AGENTS M/S. XL SOFTECH SYSTEMS LIMITED OR COMPANY'S SECRETARIAL DEPARTMENT.

18. ATTENTION OF THOSE MEMBERS WHO ARE HOLDING COMMPANY'S SHARES IN PHYSICAL FORM IS DRAWN TO THE COMPANY'S LETTER DATED 28.04.2018 REQUESTING THEM TO FURNISH PAN / BANK DETAILS OF THEMSELVES IMMEDIATELY FOLLOWING THE DIRECTIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) VIDE CIRCULAR NO.SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 DATED 20.04.2018. MEMBERS WHO HAVE NOT FURNISHED THE DETAILS SO FAR ARE ONCE AGAIN REQUESTED TO FURNISH THE PAN / BANK ACCOUNT DETAILS IMMEDIATELY BY FOLLOWING THE INSTRUCTIONS STATED IN THE SAID LETTER. THE SECURITIES AND EXCHANGE BOARD OF INDIA ('SEBI') HAS VIDE GAZETTE NOTIFICATION DATED JUNE 8, 2018 AMENDED THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 ('LISTING REGULATIONS') MANDATING TRANSFER OF SECURITIES IN DEMATERIALISED FORM ONLY WITH EFFECT FROM 1ST APRIL 2019. AS PER SAID NOTIFICATION, TRANSFER OF SHARES HELD IN PHYSICAL FORM IS NOT PERMITTED WITH EFFECT FROM 1ST APRIL 2019, HOWEVER, TRANSMISSION OR TRANSPOSITION OF SHARES IS PERMITTED EVEN IF THE SHARES ARE HELD IN PHYSICAL FORM. HENCE, IT IS ADVISED THAT SHARES HELD IN PHYSICAL FORM BE CONVERTED INTO DEMATERIALIZED FORM AT THE EARLIEST.HENCE SHAREHOLDERS ARE REQUESTED TO OPEN DEMAT ACCOUNT WITH ANY DEPOSITORY AND SUBMIT THEIR PHYSICAL SHARES WITH THEIR DEPOSITORY PARTICIPANT FOR DEMATERIALISATION OF THE SAME. SHAREHOLDERS EARLIEST COMPLIANCE IS HIGHLY SOLICITED. NON FURNISHING OF THE ABOVE DETAILS AMOUNTS TO NON-COMPLIANCE OF THE ABOVE SEBI CIRCULAR, AND ITS CONSEQUENCES THEREAFTER WILL FOLLOW. HOWEVER THE SHAREHOLDERS WHO DO NOT WISH TO TRADE THE SHARES MAY CONTINUE TO HOLD THE SHARES IN PHYSICAL FORM AS PER THEIR OPTION WITH EXCEPTIONS STATED THERE IN AS PER THE CLARIFICATION ISSUED BY SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) VIDE PRESS RELEASE NO.34/2018 DATED 10.08.2018 BUT, FOR TRADING PURPOSES, DEMATERILISATION OF SHARES IS MANDATORY POST 01.04.2019.

19. THE EQUITY SHARES OF THE COMPANY ARE LISTED ON BSE LTD (FORMERLY THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (STOCK CODE: 526093) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED, MUMBAI (STOCK CODE: SATHAISPAT). THE ANNUAL LISTING FEE TO THE STOCK EXCHANGES WHERE THE COMPANY'S SHARES ARE LISTED HAS BEEN PAID UPTO DATE.

GUIDANCE AND INSTRUCTIONS TO THE MEMBERS FOR VOTING:

I. VOTING THROUGH PHYSICAL BALLOT PAPER:

1. A member desiring to exercise vote by Physical Ballot shall fill in and complete in all respects the enclosed Physical Ballot Paper duly check (✓) marked with assent (for) or dissent (against) and sign and send the same to the Scrutinizer in the self-addressed Business Reply Envelope.

2. Postage will be borne and paid by the Company. However, envelopes containing Physical Ballots will also be accepted, if sent by Courier or by Registered Post at the expense of the Member. The envelopes may also be deposited personally at the address given thereon.

3. The Physical Ballot Paper, duly completed and signed should be returned in the self-addressed postage prepaid envelope so as to reach the Scrutinizer before the close of working hours on or before 29th September, 2019. Any Physical Ballot Paper received after last date (after 5.00 P.M. on 29th September 2019) shall be treated as if the reply from the shareholders had not been received.

4. The members are requested to exercise their voting rights by using the attached Physical Ballot Paper only. No other Form or photocopy of the Form is permitted.

II. Remote voting electronically:

Voting electronically is facilitated through Remote E-voting module of Central Depository Systems (India) Limited (CDSL) that can be accessed on https://www.evotingindia.com

The voting period begins on 27th September 2019 (10.00 hrs.) and ends on 29th September 2019 (17.00 hrs.). During this period shareholders of the Company, holding Shares either in physical form or in dematerialized form, as on the cutoff date / record date i.e. 20th September 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter (i.e.17.00 hrs. 29th September 2019).

Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue. Shareholders who have not exercised the voting either through Remote E-voting or by sending Physical Ballot Paper can vote at the time and venue of the Annual General Meeting either physical ballot or by electronic mode made available at the venue.

1. Login to Remote E-Voting and voting electronically:

1.1 Double click on the Internet Explorer Icon located on the desktop of your computer and launch the web browser. Type the following address in the address bar https://www.evotingindia.com and click on "Enter" key.

1.2 Click on SHAREHOLDERS and enter your User id (For NSDL :– 8 Character DP ID followed by 8 Digits Client ID / For CDSL :– 16 digits beneficiary ID / For Members holding Shares in Physical Form - Folio Number registered with the Company) & then enter the Captcha Code as displayed and click on Login.

1.3 If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any Company, then your existing password is to be used. Else enter your PAN & at least one detail amongst Bank Account Number and DOB or Date of Incorporation have to be mentioned.

1.4 If you are a first time user follow the steps given below:

For Members holding Shares in Demat Form and Physical Form	
PAN	• Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field. • In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN Field.
DOB	Enter the Date of Birth as recorded in your Demat account or in the Company records for the said Demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your Demat account or in the Company records for the said folio. Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the Depository or Company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction 1.2

Kindly provide your details as available on the demat account / folio number provided, then click on submit.

1.5 The system will mandate for Demat account holder to change their initial password. Password should be minimum 8 characters long. Enter the password of your choice which you wish to keep for e-Voting purpose. Confirm the Password and then click on Submit.

1.6 If you are holding Shares in Demat form and had logged on to https://www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing password is to be used. So after you enter the User ID and Captcha Code and click on Login you will be directed to the screen to enter your password.

1.7 The System will check the EVSN for which you are eligible to vote on the day you have logged in. Click on the EVSN for which you wish to vote for.

1.8 Members holding Shares in physical form will then directly reach the Company selection screen. However, Members holding Shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be used also by the Demat holders for e-voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

1.9 For Members holding Shares in physical form, the

details can be used only for e-voting on the resolutions contained in this Notice.

1.10 Click on the EVSN for the Company name Sathavahana Ispat Limited (AGM), which you choose to vote.

2. To cast your vote:

2.1 On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option "YES" implies that you assent to the Resolution and option "NO" implies that you dissent to the Resolution.

2.2 Read the Resolution Description carefully. In case you want to refer to the entire resolution file, click on "Resolution file" link.

2.3 After selecting the resolution you have decided to vote on, click on "submit". A confirmation box will be displayed if you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

2.4 The total number of securities you hold is already mentioned in the system. Select whether you assent or dissent for a Resolution.

2.5 Repeat the voting process for all the Resolutions on which you want to vote.

2.6 You can either vote on all the Resolutions in one login or vote partially on certain Resolutions.

2.7 Click on Submit.

2.8 You will see a dialog box stating 'Are you sure, you wish to confirm your vote.

2.9 If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

2.10 Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.

2.11 Once you confirm, dialog box showing "Vote successfully recorded. Do you wish to print current voting status?" would appear.

2.12 If you wish to take print out of voting done by you then click on "OK" and you can take out the print out. If you do not wish to take print out then click on Cancel then a dialog box "Thank you for using evoting system" will appear.

2.13 Click OK again.

2.14 You will be directed to your login home page you can vote for the remaining resolutions or you can re-login later to cast your vote for the remaining resolutions till the expiry of the voting period. The resolutions against which you have cast your vote will not be available for voting but would contain a message in the Choice field.

2.15 Select the decision for the Resolution for which you have not voted as yet and click on Submit.

2.16 Click on "OK" if you wish to confirm your vote.

2.17 The user can re-login after casting his/her vote with the user id and password provided to them any number of times.

2.18 If you do not wish to vote after logging in you can simply Logout.

2.19 Note for Non-Individual Shareholders & Custodians:

- ✦ Non-individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves as Corporates and Custodians respectively.
- ✦ A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- ✦ After receiving the login details they have to create compliance user using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- ✦ The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- ✦ A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

3. Reset Password

3.1 For Demat Account Holders - If you have forgotten your password to login to the e-Voting system and wish to vote on resolutions proposed by your Company. The Forgot Password would enable you to login.

3.2 After you select Enter the User ID and Captcha Code click on Forgot Password.

3.3 After you click on Forgot Password, Enter your PAN and any one detail from Email id, Mobile No, Bank Account Number or DOB or Date of Inc. Please note if your Email id, Mobile No. is uploaded in the Master file by the Company / RTA then you will be able to enter details in this field otherwise this field will not be editable. After entering the details click on submit.

3.4 If you enter your email ID the re-set password will come to your email id, if you enter your Mobile no. then an SMS will come informing you about the re-set password.

3.5 In case your Email id and Mobile No. is not editable then you can enter either your Bank Account Number or DOB or Date of Incorporation. Once you enter these details click on submit a dialog box showing "Credentials validated. You can change the password now. A new window will open up to allow you to change the password."

3.6 Click on OK you will be directed to the change password screen. Enter the New Password of your choice and confirm the same.

4. Frequently asked questions:

In case you have any queries or issues regarding

e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

5. GENERAL:

5.1 Members are requested to register their e-mail id with Registrar and Share Transfer Agent (RTA), at XL Softech Systems Limited (Unit: Sathavahana Ispat Limited), Plot No.3, Sagar Society, Road No.2, Banjara Hills, Hyderabad – 500 034 Phone: +91-40-23545913 Fax +91-40-23553214 Email:xlfield@gmail.com web: www.xlsoftech.com.

5.2 The e-voting module will be disabled by CDSL for evoting immediately after the last date and time given herein above.

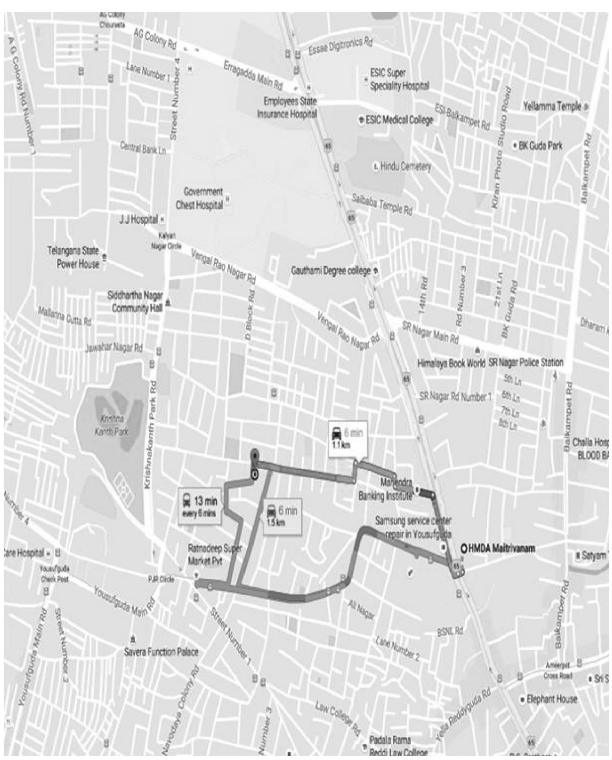
5.3 Voting can be exercised only by the shareholder or his/her duly constituted attorney or in case of bodies corporate or non-individuals, the duly authorized person.

5.4 Shareholders holding shares either in physical form or in dematerialized form may cast their vote electronically.

5.5 The Company has appointed M/s D.Hanumanta Raju & Co., Practicing Company Secretaries, B-13, F-1, P.S.Nagar, Vijayanagar, Colony, Hyderabad – 500 057 as Scrutinizers for conducting the voting process in a fair and transparent manner.

5.6 The Voting results shall be declared by the Company within two days from the date of conclusion of the Annual General Meeting.

5.7 The Route Map for Venue of 30th Annual General Meeting is as under:



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT 2013 ("ACT") and Listing regulations 2015

ITEM 2 and 5:

Shri A. Naresh Kumar had been appointed as Managing Director in the Board Meeting held on 30.05.2014 for a period of five years w.e.f. 01.06.2014 to 31.05.2019 and the appointment was subsequently approved at the 25th Annual General Meeting of the Company.

Accordingly his earlier tenure as Managing Director ended on 31.05.2019. Shri A. Naresh Kumar is eligible for re-appointment and accordingly it was proposed to re-appoint Shri A. Naresh Kumar, one of the promoters Director, as Managing Director of the Company. Shri A. Naresh Kumar is a Chemical Engineer by profession and holds a Masters' Degree from the University of Missouri-Rolla, U.S.A. Shri Naresh Kumar is a Promoter Director on the Board of the Company since May, 1992. Shri Naresh Kumar was also a Director on the Board of the Company during 1989-1991. Shri Naresh Kumar has now successfully completed 20 years as Managing Director of this Company.

He is the brain behind technical improvement programs implemented by the Company during the last several years. He has also successfully implemented the Greenfield Project for manufacture of Metallurgical Coke and Co-generation of Power which is giving significant benefits to the Company. He has actively participated in the modernization and expansion programme like DI Plant at the Brownfield Project at Haresamudram. He has closely studied the operations of the Company and rendered valuable expertise in the day to day operations of the Company. His contribution to the operations of the Company has yielded good results in the form of expanded capacities and sustained the operations even in difficult times. Keeping in view his contribution, it was proposed to reappoint Shri A. Naresh Kumar as 'Managing Director' for a further period of 3 years from 01.06.2019 to 31.05.2022. The appointment and remuneration proposed are as per the provisions of Sections 2(94), 203 read with the Schedule V and other applicable provisions if any, of the Companies Act, 2013 , which does not require the approval of Central Government but subject to approval of Secured Lenders who have lent Term / Corporate Loans and Working Capital Loans and Shareholders at the General Meeting by a Special Resolution.

The proposed re-appointment was recommended by Remuneration Committee of Board of Directors at its meeting held on 30.05.2019 and the recommendation was accepted by the Board of Directors on 30.05.2019. Shri A. Naresh Kumar, the appointee Director and Shri A.S.Rao, Executive Vice Chairman, being relative of Shri A. Naresh Kumar are deemed to be interested or concerned in the Resolution. Save and except the above none of the other Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution. In compliance with the provisions of Section 196 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, the appointment of Shri A. Naresh Kumar as Managing Director is now being placed before the Members in the Annual General Meeting for their approval.

The terms and conditions of appointment of Managing Director shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

The Board of Directors commends the resolution for your approval.

ITEM 3:

Shri S.N.Rao has been associated with the Company as a Non Executive Director and is considered as an Independent Director under Clause 49 of the Listing Agreement. Shri S.N.Rao, B.Tech., is a Mechanical Engineer by profession and has gained wide experience with several leading companies in India, engaged in the manufacture of Iron & Steel, Chemicals etc. He is considered as an expert in Iron and Steel industry and has got wide experience in foundry and casting segment. Shri S.N.Rao contributed significantly to the operations of the Company. As per the provisions of Section 149 of the Companies Act 2013, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company and is not liable to retire by rotation. Shri S.N.Rao has, in pursuance of Section 149 of the Companies Act 2013 read with Schedule IV thereto and Companies (Appointment and Qualification of Directors) Rules 2014, given a declaration to the Board that he meets the criteria of independence as provided thereunder. In the opinion of the Board Shri S.N.Rao fulfils the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and he is independent of the management. The matter regarding appointment of Shri S.N.Rao as an Independent Director was placed before the Nomination & Remuneration Committee, which commended his appointment as an Independent Director from 01.10.2019 to 30.09.2024 for a second term. Shri S.N.Rao is interested and concerned in the Resolution. Other than Shri S.N.Rao, none of the other Directors on the Board, Key Managerial Personnel or their respective relatives are concerned or interested in the Resolution. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri S.N.Rao as Independent Director is now being placed before the Members in the Annual General Meeting for their approval.

The terms and conditions of appointment of Independent Directors shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

The Board of Directors commends the resolution for your approval.

ITEM 4 and 6:

Shri RAMANA KUMAR DAVULURI was appointed as Director on the Board at the Board Meeting held on 20th April 2019 as Executive director as per the provisions of Companies Act, 2013 for a period of three years w.e.f. 20th April 2019 to 19th April 2022.

Shri RAMANA KUMAR DAVULURI is eligible for re-appointment subject to approval of Secured Lenders who have lent Term / Corporate Loans and Working Capital Loans and Shareholders at the General Meeting by a Special Resolution.

Shri RAMANA KUMAR DAVULURI has been associated with the company for 27 years in the capacity of Sr.Vice President(RM & ADM)overseeing the operations of the Company. RAMANA KUMAR DAVULURI is a graduate in Mechanical Engineering. He has rich and varied industrial experience and in Pipe manufacturing.

Shri RAMANA KUMAR DAVULURI a Sr.Vice - President has contributed his experience to the operations of the Company. He is specialist in Supply chain management and Logistics.

He is technically responsible for procurement of coking coal, coal, iron ore, he has extensively travelled China, Indonesia, Singapore, Australia and other countries for procurement. His contribution to Company's technical input is commendable he has been responsible for company's technical and administrative jobs.

Keeping in view his contribution and control over the operations of the Company, it is proposed to appoint RAMANA KUMAR DAVULURI as 'Executive Director (Operations)' for a period of 3 years from 20th April 2019 to 19th April 2022. The appointment and remuneration proposed are as per the provisions of Sections 2 (78), 2 (94), 197, 203 read with the Schedule V and other applicable provisions of the Companies Act 2013, which does not require the approval of Central Government but is subject to approval of secured lenders who have lent Term / corporate loans and working capital loans to the company and is also subject to approval of Members in Annual General Meeting by way of Special Resolution.

None of the Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.

The matter regarding appointment of RAMANA KUMAR DAVULURI as Executive Director (Operations) was placed before the Nomination & Remuneration Committee, which commended his appointment as an Executive Director (Operations) from 20th April 2019 to 19th April 2022 whose office is liable to retirement of Directors by rotation in terms of provisions of Section 152 of the Companies Act 2013.

In compliance with the provisions of Section 196 read with Schedule V and other applicable provisions, if any, of the Companies Act 2013, the appointment of RAMANA KUMAR DAVULURI as Executive Director (Operations) is now being placed before the Members in Annual General Meeting for their approval.

The terms and conditions of re-appointment of Executive Director (Operations) shall be open for inspection by the Members at the Registered Office during normal business hours on any working day of the Company.

The Board of Directors commends the resolution for your approval.

ITEM 7:

In terms of provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013 and Companies (Audit and Auditors) Rules 2014 the Company is required to appoint Cost Auditor for conducting Cost Audit of the Cost Records of the Company. The appointment of Cost Auditor is to be made by the Board of Directors on the recommendation of Audit Committee and fix the remuneration and such

remuneration is to be ratified by the Members in the Annual General Meeting.

Accordingly the Board of Directors based on the recommendations of the Audit Committee, has appointed M/s Nageswara Rao & Co., Practicing Cost Auditors (Firm's Registration Number: 000332) as Cost Auditors for conducting Cost Audit of the Cost Records of the Company for the year 2019-20 and fixed remuneration as set out in the resolution.

In pursuance of the provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013, read with Companies (Audit and Auditors) Rules 2014 the remuneration payable for conducting Cost Audit of the Cost Records of the Company for the year ending 31st March 2020, to M/s Nageswara Rao & Co., Practicing Cost Accountants is now being placed before the Members in Annual General Meeting for their ratification.

None of the Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.

The Board of Directors commends the resolution for your approval.

STATEMENT OF PARTICULARS (ITEM 5 AND 6)

(In pursuance of provisions of Schedule V of the Companies Act 2013)

I.	*General Information:*		
(1)	Nature of Industry	The Company is engaged in the manufacture and sale of Pig Iron, Ductile Iron Pipes and also Metallurgical Coke - an input material for Pig Iron, thus operates in the Iron and Steel industry, which is considered as core sector. The Company is also into Power generation.	
(2)	Date or expected date of commencement of commercial production	The Company commenced commercial operations in the year 1994 and also commissioned Ductile Iron Pipe making facility on 01.04.2015.	
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	The Company is an existing Company.	
(4)	Financial performance based on given indicators		₹ crores
		FY 2018-19	FY 2017-18
	1) Gross Sales	498.53	248.73
	2) Operating Profit / (Loss) before finance cost and depreciation.	23.83	(115.27)
	3) Profit/(loss)before tax.	(227.78)	(306.36)
	4) Profit / (loss) after tax	(227.78)	(306.36)
(5)	Foreign investments or collaborations, if any	Foreign Institutional Investors hold 18.85% and foreign bodies corporate 10.96% and Promoters group 4.95% in the Paid-up capital of the Company. The Company has no collaborations.	
II.	*Information about the appointees:*		
(1)	Background details	Shri Naresh Kumar: Shri Naresh Kumar is a Chemical Engineer by profession and holds a Masters' Degree from the University of Missouri-Rolla, U.S.A. Shri Naresh Kumar is a Promoter Director on the Board of the Company since May, 1992. Shri Naresh Kumar was also a Director on the Board of the Company during 1989-1991. Shri Naresh Kumar has now successfully completed 20 years as Managing Director of this Company.	
		Shri Ramana Kumar Davuluri: Shri Ramana Kumar Davuluri has been associated with the company for 27 years in the capacity of Sr. Vice President(RM & ADM)overseeing the operations of the Company stationed at Bellary office. RAMANA KUMAR DAVULURI is a graduate in Mechanical Engineering. He has rich and varied industrial experience and also in Pipe manufacturing.	

(2)	Past remuneration	Shri Naresh Kumar: Shri Naresh Kumar, In terms of authorization accorded by the Members of the Company he was entitled to last salary of Rs.5.00 lakhs per month Plus other perquisites. His aggregate remuneration during the last financial year 2018-19 was at Rs.60.00 lakhs per annum which was within the limits laid down in Schedule V and Section 197 and other applicable provisions of the Companies Act 2013.	
		Shri Ramana Kumar Davuluri: Shri Ramana Kumar Davuluri, In terms of authorization by the Board in meeting of Board of Directors held on 20.04.2019 and by virtue of his employment he was getting salary of Rs.2.28/- Lakhs per month including basic salary of RS.1.36/- per month which is within the limits laid down in Schedule V and Section 197 and other applicable provisions of the Companies Act 2013.	
(3)	Recognition and awards	Shri Naresh Kumar is a Chemical Engineer by profession and holds a Masters Degree from the University of Missouri-Rolla, U.S.A. Shri Naresh Kumar is a Promoter Director on the Board of the Company since May, 1992. Shri Naresh Kumar was also a Director on the Board of the Company during 1989-1991. Shri Naresh Kumar has now successfully completed 20 years as Managing Director of this Company.	
		Shri Ramana Kumar Davuluri has more than 30 years of experience and is well recognized in the industry of Iron and steel.	
(4)	Job profile and his suitability	Shri Naresh Kumar: Shri Naresh Kumar is a Chemical Engineer by profession and holds a Masters' Degree from the University of Missouri-Rolla, U.S.A. Shri Naresh Kumar is a Promoter Director on the Board of the Company since May, 1992 and is an accomplished professional with rich experience in Iron and Steel industry. Shri Naresh Kumar has now successfully completed 20 years as Managing Director of this Company. He is responsible for day to day affairs of the Company.	
		Shri Ramana Kumar Davuluri: Shri Ramana Kumar Davuluri B.E (Mech) is a Graduate in Mechanical Engineering , He has rich and varied industrial experience of 30 years in particular Pipe manufacturing. He is responsible and overall supervision of the Company.	
(5)	Remuneration Proposed	Shri Naresh Kumar: As set out in the resolution	
		Shri Ramana Kumar Davuluri: As set out in the Resolution	
(6)	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person	The remuneration proposed to the appointees is commensurate with responsibilities entrusted, their profile and position and well comparable on to a lower side in the industry and of similar sized companies in the industry.	
(7)	Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any.	Shri Naresh Kumar: Shri Naresh Kumar, the appointee Director and Shri A.S. Rao, Executive Vice-Chairman, being relative of Shri Naresh Kumar are deemed to be interested or concerned in the Resolution. Shri Naresh Kumar holds 2019105 Equity Shares in the Company. None of the other Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.	
		Shri Ramana Kumar Davuluri: Shri Ramana Kumar Davuluri has been associated with the Company for last 27 years in the capacity Sr.Vice- President. And is deemed to be interested and concerned to the extent of remuneration drawn by him. None of the Directors on the Board, Key Managerial Personnel or their respective relatives is concerned or interested in the Resolution.	
III.	*Other information:*		

(1)	Reasons of loss or inadequate profits	The performance during the year impacted adversely due to working capital constraints and consequent stress in the finances of the Company. The Company has requested the secured lenders for restructuring of the debt which is under process.
(2)	Steps taken or proposed to be taken for improvement	Company has implemented an Integrated Project involving forward and backward integration which has been commissioned and this is expected to improve the performance of the Company in the long term. The performance is expected to be normal once the restructuring of the debt as requested by the Company is in place from the secured lenders.
(3)	Expected increase in productivity and profits in measurable terms.	Productivity and Profitability is expected to improve as the operations are integrated and value addition is taking place within the Company once the restructuring of the debt as requested by the Company is in place from the secured lenders.

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

Name of Director	Shri A.Naresh Kumar	Shri S.N.Rao	Shri RAMANA KUMAR DAVULURI
DIN	00112566	00116021	01713259
Date of Birth	24.06.1970	27.10.1948	11.06.1963
Initial Date of Appointment	04.05.1992	01.02.1999	20.04.2019
Qualifications	B.Tech., M.S.(Poly)	B.E. (Mech.)	B.E (Mech.)
Expertise in specific functional areas	Over 25 years experience in various capacities in Iron and Steel Sectors and Market and Market Research.	Over 44 Years experience with several leading Companies in India engaged in manufacture of Iron & Steel, Chemicals etc.	Over 30 Years of Industry experience in manufacture of Iron & Steel.
List of Companies in which outside directorship held as on 31st March, 2019.	1. Maruti Industries Limited 2. Vamsadhara Polymers Limited 3. Ganapati Adusumilli Fininvest private Limited 4. Sai Jyothi Infrastructure Ventures Private Limited 5. Narne Minerals Limited	1. Maruti Industries Limited 2. Vamsadhara Polymers Limited	Nil
Chairman / Member of the Committees of the Board of the other Companies in which he is a Director as on 31st March, 2019.	Nil	Nil	Nil
No.Shares Held	2019105	Nil	Nil

By order of the Board

(A. Sainath)
Company Secretary
ACS.57553

Hyderabad
Date: 14.08.2019

CIN: L27109TG1989PLC010654
Regd. Office: Flat 505, 5th Floor,
Block -1, Divyashakti Complex, Ameerpet
Hyderabad - 500016

DIRECTORS' REPORT

To
The Members,
SATHAVAHANA ISPAT LIMITED,

Your Board of Directors has pleasure in presenting the 30th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2019:

FINANCIAL RESULTS:

Your Board of Directors reports the following financial results for the year 2018-19: (Amount in ₹)

Sl. No.	Particulars	**Year ended 31-03-2019**	Year ended 31-03-2018
1.	Gross revenue from operations	**4985369053**	2487308166
2.	Other income	**81787127**	81086816
3.	Operating profit /(loss) before finance costs and depreciation	**238336422**	(1152735074)
4.	Finance costs	**1743849722**	1405597605
5.	Depreciation and amortization	**473865403**	505310460
6.	Profit / (loss) before tax	**(1979378703)**	(3063643139)
7.	Exceptional Item	**(298397641)**	0
8.	Tax expense	**0**	0
9.	Net Profit / (loss) after tax	**(2277776344)**	(3063643139)
10.	Earning /(loss)per Equity Share-Basic	**(44.75)**	(60.19)
11.	Earning/(loss)per Equity Share-Diluted	**(44.75)**	(60.19)

The performance during the year was impacted adversely due to factors beyond the control of the Company. The performance suffered due to working capital constraints and the consequent financial stress which resulted in underutilization of capacities and plant shut downs.

The gross revenue at ₹4985369053/- is higher as compared to previous year's revenue of ₹2487308166/-. The year ended with loss before tax of ₹2277776344/- as against loss before tax of ₹3063643139/- in the previous year. During the year, in the absence of reasonable certainty deferred tax asset on account of unabsorbed depreciation and business loss and others amounting to ₹1156797361/- as against previous year's amount of ₹1114567283/- has been recognized to the extent it can be realised fully against deferred tax liability. Accordingly, the tax impact is nil in both current and previous years. The year ended with net loss after tax of ₹2277776344/- as against net loss after tax of ₹3063643139/- in the year before. Accordingly, the loss per share accounted for at ₹44.75 as compared to loss per share of ₹60.19 in the previous year.

DIVIDEND AND GENERAL RESERVE:

The Board of Directors has not recommended any dividend for the year 2018-19 due to loss incurred during the year and carry forward loss from earlier years. Company cannot declare dividend until the carry forward loss is fully set off against the profits as provided in the Companies Act 2013.

The Board of Directors also has not proposed to transfer any amount to General Reserve in view of the carry forward loss.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 134(3)(c) of the Companies Act 2013 with respect to Directors' Responsibility Statement, your Directors hereby state and confirm that:

i. In the preparation of Annual Accounts for the Financial Year 2018-19 the applicable Indian Accounting Standards (Ind AS) had been followed with proper explanation relating to material departures;

ii. The Accounting Policies selected were applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2019 and Profit and Loss of the Company for the year ended on that date;

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. The Annual Accounts have been prepared on a going concern basis;

v. Internal financial controls to be followed by the Company have been laid down and that such Internal Financial Controls are adequate and were operating effectively; and

vi. Proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE:

The Audit Committee is duly constituted as per the provisions of the Act, applicable Rules framed thereunder read with the listing regulations. The primary objective of the committee is monitoring and supervising the Management's financial reporting process to ensure accurate and timely disclosures with highest levels of transparency, integrity and quality of financial reporting.

Committee comprises of Chairman - Shri K.Thanu Pillai, Independent Director and two other Independent Director members -Shri Syed Anis Hussain, and Shri S.N.Rao.

The Committee met 4(four) times during the year. Details of terms of reference of the Committee, number and dates of meetings held and attendance of Members during the year are part of the Corporate Governance Report.

The Audit Committee at its meeting held on 30th May 2019 has considered and approved the Audited Accounts of the Company for the financial year ended 31st March 2019. The Audited Accounts for the financial year ended 31st March 2019, as approved and recommended by the Audit Committee, do not require any explanations from the Board.

CORPORATE GOVERNANCE:

Pursuant to Listing Regulations 2015 the Company is required to comply with the Code of Corporate Governance for the financial year under review. Accordingly, the Reports on Corporate Governance and Management Discussion and Analysis together with Auditors' Report on compliance of Code of Corporate Governance are attached to this Report and forms part of the Annual Report. These Reports are to be read in conjunction with this Directors' Report.

DIRECTORS:

Shri Naresh Kumar Adusumilli is liable for retirement of Directors by rotation at the end of the ensuing 30th Annual General Meeting and being eligible, offer themselves for re-appointment at the said Annual General Meeting.

Shri A. Naresh Kumar had been appointed as Managing Director in the Board Meeting held on 30.05.2014 for a period of five years w.e.f. 01.06.2014 to 31.05.2019 and the appointment was subsequently approved at the 25th Annual General Meeting of the Company and the office of Managing Director is liable for retirement of Directors by rotation. Shri A. Naresh Kumar is eligible for re-appointment and approval of the Members for his re-appointment is being sought in the ensuing Annual General Meeting. The Nomination and Remuneration Committee at its meeting held on 30.05.2019 has recommended the re-appointment and the Board of Directors at its meeting held on 30.05.2019 has commended the resolution for re-appointment to the members for their approval in the ensuing Annual General Meeting.

Shri S.N.Rao has, in pursuance of Section 149 of the Companies Act 2013 read with Schedule IV thereto and Companies (Appointment and Qualification of Directors) Rules 2014, given a declaration to the Board that he meets the criteria of independence as provided thereunder. In the opinion of the Board Shri S.N.Rao fulfils the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and he is independent of the management. The matter regarding appointment of Shri S.N.Rao as an Independent Director was placed before the Nomination & Remuneration Committee, which commended his appointment as an Independent Director from 01.10.2019 to 30.09.2024 for a second term. The Board at their meeting held on 14.08.2019 has approved the appointment of Shri S.N.Rao as Independent Director, In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Shri S.N.Rao as Independent Director is now being placed before the Members in the Annual General Meeting for their approval.

Shri RAMANA KUMAR DAVULURI was appointed as Director on the Board at the Board Meeting held on 20th April 2019 as Executive director as per the provisions of Companies Act, 2013 for a period of three years w.e.f. 20th April 2019 to 19th April 2022. and the office of Executive Director (Operations) is liable for retirement of Directors by rotation. The Nomination and Remuneration Committee at its meeting held on 20.04.2019 has recommended the appointment and the Board of Directors at its meeting held on 20.04.2019 has commended the resolution for appointment to the members for their approval in the ensuing Annual General Meeting.

In the opinion of the Board the proposed appointees fulfils the conditions specified in the Companies Act 2013 and Rules made thereunder and keeps the Board strengthened. These appointments are subject to approval of secured lenders who have lent to the Company term / corporate loans and working capital loans and approval of members in the Annual General Meeting.

Shri. Shailendra Dasari, Executive Director on the Board of the Company has resigned due to personal reasons and his resignation was accepted by the Board with effect from 31.01.2019. Board wishes to place on record of its appreciation for the valuable services rendered by Shailendra Dasari during his tenure.

During the year **Smt. Latha Pamula** has been appointed as Independent Woman Director on the Board of the Company on recommendation of Nomination and Remuneration Committee meeting held on 14.02.2019, for a period of 5 years.

Policy on selection and appointment of Directors, Composition and category of Directors, attendance of each Director at meetings, Number of other Directorships held by each Director, Number of Board meetings held and dates on which held, Board

meetings process, familiarisatioin programme of each Independent Directors, Board's evaluation process are discussed in the Report on Corporate Governance which forms part of this Report.

The Board of Directors confirms that based on the declarations given by all the Independent Directors in pursuance of provisions of Section 149(7) of the Companies Act 2013 they meet the criteria of independence as provided in Section 149(6) of the Companies Act 2013.

KEY MANAGERIAL PERSONNEL:

Shri Naresh Kumar Adusumilli, Managing Director, Shri V.S.R.K. Hanuman, Chief Financial Officer and Shri A.Sainath, Company Secretary & Compliance officer are designated as Key Managerial Personnel (KMP) of your Company.

During the year **Shri K V Krishna Rao,** Chief Financial officer & Company secretary resigned w.e.f 30th November 2018. Board wishes to place on record of its appreciation for the valuable services rendered by Shri KV Krishna Rao during his tenure.

Shri V.S.R.K Hanuman has been appointed as Chief Financial officer of your company w.e.f 14th February 2019, on the recommendation of Audit and Nomination & Remuneration Committees to the Board of the Company.

Shri A.Sainath has been appointed as Company Secretary & Compliance officer of your Company w.e.f from 14th February 2019, on the recommendation of Nomination and Remuneration Committee to the Board of the Company.

The remuneration and other details of KMPs for the FY 2018-19 are duly disclosed in Form MGT-9 forming part of this report.

AUDITORS AND AUDIT REPORT:

The tenor of present Auditors M/s. Majeti & Co., Chartered Accountants, Hyderabad has been fixed for period of five years at the Annual General Meeting held on 29.09.2017 subject to ratification of appointment at every subsequent Annual General Meeting. However the Ministry of Corporate Affairs, Government of India, has vide Companies (Amendment) Act 2017 notified vide notification dated 07.05.2018 that such ratification of appointment of statutory auditors is not required at the subsequent Annual General Meetings which in other words means that appointment made initially continues to be effective until the expiry of five years from the date of their appointment. Accordingly no ratifications of appointment of statutory auditors is proposed in the ensuing Annual General Meeting.

With respect to the Independent Auditors' Report for the year ended 31st March 2019 which forms part of the Annual Report containing emphasis of matter and qualification your Board of Directors state that the management replies to the same are as under:

1. With respect to emphasis matter the explanation contained in Note No.33 to the financial statements is self-explanatory and the opinion of the Auditors is unmodified in respect of this matter.
2. With respect to Qualification on Trade receivables, supplier advances and capital advances as at March 31, 2019 the explanation contained in Note No.36 to the financial statements is self-explanatory and does not require further explanations.
3. With Respect to Statutory dues, statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 4,90,45,618/- have become overdue and remain unpaid, the same is due to the cash crunch and tight working capital constraints, the management is working closely with the concerned authorities and will clear the dues based on the available cashflows.

The Independent Auditors' Report for the financial year ended 31st March 2019 which forms part of the Annual Report do not require any further explanations from the Board.

COST AUDITORS AND COST AUDIT REPORT:

Company appointed M/s. S. Mahadevan & Co, Coimbatore, Practicing Cost Accountants (Firm's Registration Number 00007), as Cost Auditors for the financial year 2017-18 and 2018-19. The Cost Audit Report as prepared by the Cost Auditors for the financial year 2017-18 has been filed with the Central Government within the due date. The Cost Audit Report for the year 2018-19 prepared by the said Cost Auditors has been reviewed and adopted by the Audit Committee and Board.

The Board of Directors based on the recommendations of the Audit Committee, has appointed M/S.NAGESWARA RAO & CO., Practicing Cost Accountants (Firm's Registration Number : 000332) as Cost Auditors for conducting Cost Audit of the Cost Records of the Company for the year 2019-20.

In pursuance of the provisions of Section 148 and other applicable provisions, if any, of the Companies Act 2013, read with Companies (Audit and Auditors) Rules 2014 the remuneration payable for conducting the Cost Audit for the year ending 31st March 2020 to M/S.NAGESWARA RAO & CO., Practicing Cost Accountants is being placed before the Members in the ensuing Annual General Meeting for their ratification and approval.

CHANGE OF REGISTERED OFFICE OF THE COMPANY:

After the end of financial year, to exercise better administrative and economic control and enable the Company to rationalize

and streamline its operations as well as the management of affairs, it was decided to shift the registered office of the company to existing corporate office in the best interest of the Company.

Accordingly, Board of Directors of the Company has approved in their meeting on 20th April 2019 to shifted the Registered office of the Company to Flat No.505, 5th Floor, Block – I, Divyashakti Complex, Ameerpet, Hyderabad– 500016, with effect from **20.04.2019**.

SECRETARIAL AUDITOR AND SECRETARIAL AUDIT REPORT:

M/s. D.Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad who have been appointed as Secretarial Auditor for the financial year 2018-19 have conducted the Audit of the Secretarial Records and submitted their Report in MR-3 which is annexed to this Report (Annexure-V).

The Secretarial Audit Report for the financial year ended 31st March 2019, with respect to observations in the Secretarial Audit Report.

The Board wishes to inform the members that;

1. The Company has Appointed Independent Woman Director on the Board of the Company w.e.f 14th February 2019. And paid Fine to Stock Exchanges as per SEBI (LODR) Regulations, 2015 which is 5000/- per day of default to each exchange, The Company has formally approached National Stock Exchange & Bombay Stock Exchange for waiver of levied fine, but due to Standard Operating Procedure of Stock Exchanges the waiver request by the Company was not considered favourably.

2. The Company is in process of filing of IEPF -4, The company has received various requests from members of the Company to whom the reminders were given for transfer of Shares to IEPF to not to transfer their shares to IEPF and the Company had substantial shares held in physical form and the shareholders holding these shares have not updated their correspondence details to the company to send reminders to them, However the company now has decided to transfer all shares relating to Unclaimed dividend, to IEPF Authority and file IEPF-4, the Company is in the process of the same.

The Board of Directors at its meeting held on 30th May 2019 has re-appointed D. Hanumanta Raju & Co., Practicing Company Secretaries, Hyderabad as Secretarial Auditor for the financial year 2019-20.

TRANSFER OF UNCLAIMED DIVIDEND AMOUNTS TO IEPF:

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 and / or Section 124(5) of the Companies Act 2013, previously declared dividends, which remained unclaimed for a period of seven years, have been transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956 and / or Section 125 of the Companies Act 2013.

DIRECTORS, EMPLOYEES AND THEIR REMUNERATION:

The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act 2013 read with sub rule (2) to Rule 5 to the Companies (Appointment & Remuneration) Rules, 2014, as amended, are not required to be provided as there were no employees drawing remuneration more than the stipulated limits. Details of Remuneration Policy and payment of remuneration to all Directors / Key Managerial Personnel / other managerial employees is given in the Report on Corporate Governance under the head Nomination and Remuneration Committee which forms part of this Report. Managing Director and other Whole Time Directors have not received any remuneration or commission from holding or subsidiary companies as the Company do not have such companies. In the opinion of the Board the level and composition of remuneration to Directors, Key Managerial Personnel and other managerial employees is reasonable and sufficient to attract, retain and motivate the people who could run the Company efficiently.

The Board affirms that the remuneration paid is in accordance with Remuneration Policy of the Company. The relationship between performance and remuneration is clear and meets appropriate benchmarks and that the remuneration criteria succinctly balances between fixed and variable pay wherever set reflecting short and long term performance objectives appropriate to the working of the Company and its goals. Disclosures required to be made pursuant to Rule 5 to the Companies (Appointment & Remuneration) Rules, 2014 are attached to this report (Annexure-II).

DEMATERIALISATION OF EQUITY SHARES:

The Agreements entered into by the Company with the two Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of Shares are in force and the Company's Shares are in dematerialised mode under ISIN No. INE176C01016. As per the Securities and Exchange Board of India(SEBI) directives, the Equity Shares of the Company are to be compulsorily traded in dematerialisation form with effect from 26th February 2001. Further the Securities and Exchange of India (SEBI) in its circular dated 20.04.2018 has stated that the equity shares have to compulsorily converted into dematerialization before 5th December 2018 the same was further extended to 1st April 2019. and thereafter dematerialized equity shares are only eligible for transfers with the exception of transmissions. In view of the significant benefits that accrue on dematerialisation of securities, Members may avail the facility.

LISTING OF SHARES ON STOCK EXCHANGES:

The Equity Shares of the Company are listed on BSE Ltd (formerly The Bombay Stock Exchange Limited) Stock Code:526093 and The National Stock Exchange of India Limited (NSE) Stock Code: sathaispat and are regularly traded.

The listing fee to these Stock Exchanges has been paid upto date.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information on conservation of energy, technology absorption, foreign exchange earnings and out go required to be disclosed under Section 134 of the Companies Act 2013 read with Companies (Accounts) Rules 2014, is given in the Annexure forming part of this Report (Annexure-I).

DEPOSITS:

Your Company has not accepted any fixed deposits nor does the Company have any outstanding deposits under section 73 of the Act, read with the Companies (Acceptance of Deposits) Rules, 2014 as on the date of Balance Sheet.

RISK MANAGEMENT:

The Board engaged itself with the task of Risk Management by preparing, implementing and monitoring the risk management plan of the Company. The Board apart from ensuring the effectiveness of risk management covering internal financial risks and controls also reviews the same on regular basis. Major risks identified are monitored on a regular basis by the Board.

INTERNAL FINANCIAL CONTROL AND SYSTEMS AND THEIR ADEQUACY:

The Company has put in place Internal Financial Controls that will ensure the policies and procedures of the Company are followed regularly so that the business of the Company is conducted in orderly and efficient manner. The Internal Financial Controls are applied inter alia to test various aspects in the conduct of business including adherence to Company's policies, safeguarding Company's assets, prevention and detection of frauds and errors or irregularities, the accuracy and completeness of the accounting records and timely preparation of reliable financial information and the financial statements. In the opinion of the Board such Internal Financial Controls are adequate and were operating effectively. During the year such Internal Financial Controls have been tested and no reportable weaknesses in the design and operations were observed. With respect to the Independent Auditors' Report for the year ended 31st March 2019 which forms part of the Annual Report containing qualification on the Internal Financial Controls your Board of Directors state that the management replies to the same are contained in Note No.36 to the financial statements which is self-explanatory.

RELATED PARTY TRANSACTIONS:

In Compliance with the provision of the Act and the Listing Regulations, each Related part transaction is placed before the Audit Committee for prior approval/noting.

There are no material related party transactions entered into by the Company falling within the meaning of Section 188(1) of the Companies Act 2013. Other related party transactions, contracts or arrangements entered into by the Company are in the ordinary course of business and at arm's length price. The details of these contracts or arrangements or transactions as required to be disclosed in terms of Section 134(3)(h)are provided in Form AOC-2 which forms part of this Report (Annexure-III) and accompanying Financial Statements.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Company has not granted loans, guarantees or made investments in or to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act 2013. The Company has not extended any loans to the employees for purchase of its shares. Other investments made by the Company are given in the accompanying Financial Statements which are in the ordinary course of business.

EXTRACTS OF ANNUAL RETURN:

Information on Extracts of Annual Return required to be disclosed under Section 92(3) of the Companies Act 2013 read with Rule 12 of Companies (Management and Administration) Rules 2014, is given in the prescribed Form MGT-9 forming part of this report (Annexure-IV).

A copy of the same has also been hosted on our website, weblink for the same is www.sathavahana.com/annual_report.html

CORPORATE SOCIAL RESPONSIBILITY:

The details with respect to Corporate Social Responsibility of the Company as required to be disclosed in terms of provisions of Section 135 read with Section 134(3)(o) and Rule 9 of Companies (Accounts) Rules 2014 are given in the Report on Corporate Governance attached to and forming part of this Report. During the year the Company, in terms of provisions of sub section 5 to Section 135 of the Companies Act 2013, is not required to earmark any fund for Corporate Social Responsibility activities in view of the losses.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY:

Your Company has well-defined Vigil Mechanism policy in place to provide a formal mechanism for all Directors, employees,

business associates and vendors of the Company to approach Chairman of the Audit Committee.

During the year under review, none of the Directors/employees/ business associates / vendors was denied access to Chairman of Audit Committee.

REPORTING OF FRAUD:

The auditors of the Company have not reported any fraud as specified under Section 143(12) of the Act.

DISCLOSURE AS PER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

Your Company has zero tolerance towards sexual harassment at the workplace. It has well defined policy in compliance with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed thereunder. An internal Committee is in place to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees, etc.) are covered under this Policy. The Company has not received any complaint of sexual harassment during the F.Y. 2018-19.

MATERIAL CHANGES:

S4A SCHEME NON-FULFILLMENT:

The S4A scheme could not be implemented due to non-fulfillment of mandatory norm of sufficient cash flows six months prior to and after the reference date and the same was called off on 19.11.2017. Consequent to the calling off the implementation of the S4A scheme and the debt of the Company was classified by JLF as Non-Performing Asset (NPA).

DEBT RESTRUCTURING:

The Joint lenders forum to consider deep restructuring of the debt which the banks have considered favourably and initiated the process of restructuring which is under different stages of progress and shall be implemented upon full tie up of restructuring package. The restructuring plan envisages extended tenors of repayment of loans.

The Andhra Bank had issued Notice dated 24.08.2018 under the provisions of SARFAESI which upon the request of the Company and as advised by the Lead Lender has been kept on hold and initiated the appraisal of the debt restructuring package.

The restructuring plan also envisages no haircuts to banks and the sacrifice amount on interest concessions requested by the company would be fully re-compensed after the end of restructuring scheme. Promoters have offered to pledge their total shareholding to the secured lenders apart from offering some personal assets as a collateral security upon sanction of the restructuring plan. The existing personal guarantees of Whole-time Promoter Directors continue to be inforce. Promoters may have to infuse further through Equity or debt as part of debt restructuring plan.

The JLF has appointed Dun & Brad street as techno economic viability consultant and SBI Caps as Financial Consultant for the proposed restructuring plan and both have submitted their TEV Study, Information memoranda to the lenders.

The Deep debt restructuring plan is in final stages by the banks and outcome of the same is expected soon, the management opines that restructuring plan by the banks will be considered favourably and will help the company in reviving the operations.

The Company has considered adopting the restructuring scheme of loans for the first time in its history of three decades.

PLANT SHUTDOWN:

Due to cash crunch and non-availability of working capital limits the operations at ferrous division have been impacted and the plant was under shut down since 12th June 2017. The operations at Kudithini works too were impacted where Metallurgical Coke facility is running partly on job work basis and partly for own production and power generation has been restarted. This impact is likely to continue until the restructuring of the loans are done by the secured lenders.

Barring the above, there are no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year to which the Financial Statements relates and the date of this Report.

ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS:

There has been no significant and material order(s) or Tribunal(s), impacting the going concern status of the Company's operations. However, Members' attention is drawn to the statement of contingent liabilities in the notes to the Financial Statement.

OPERATION, MAINTANANCE & MANAGEMENT AGREEMENT WITH JINDAL:

On 2nd August 2019,the Company has entered into "OPERATION, MAINTANANCE & MANAGEMENT AGREEMENT" with JINDAL SAW Ltd. JINDAL SAW LIMITED has agreed to operate, maintain and manage the manufacturing facilities of SATHAVAHANA ISPAT LIMITED for a period of 3 years which may be extended for a maximum period of 10 years subject to certain conditions as provided in the Agreement.

Under the above Agreement, JINDAL SAW LIMITED shall manufacture and sell the products, namely, ductile iron pipes, pig iron and coke and all other related items under its brand name during the term of the Agreement in consideration of the rentals as defined in the above Agreement.

The above arrangement will be effective upon receipt of all necessary statutory and other approvals and upon sanction of the restructuring proposal by the banks.

SUBSIDIARY OR ASSOCIATE COMPANIES:

There are no subsidiary or associate companies to the Company as at the end of 31st March 2019. Accordingly no Consolidated Financial Statements is required to be prepared and reported.

STANDALONE FINANCIAL STATEMENTS:

The accompanying Financial Statements and this Board's Report are prepared based on standalone operations of the Company.

BOARD'S APPROVAL:

This Directors' Report has been considered, approved and adopted by the Board of Directors at its meeting held on 14th August 2019. The accompanying Financial Statements were approved and adopted by the Board of Directors at its meeting held on 30th May 2019.

ACKNOWLEDGMENTS:

Your Directors take this opportunity to express their grateful thanks to Canara Bank, State Bank of India (formerly State Bank of Hyderabad), Andhra Bank, Shareholders, Central and State Governments and valued suppliers and customers for their co-operation and support. The Board also places on record its appreciation of the valuable services rendered by the employees at all levels of the Company.

for and on behalf of the Board

(K. Thanu Pillai)
Chairman
(DIN: 00123920)

Place: Hyderabad
Date: 14.08.2019

ANNEXURE-I TO DIRECTORS' REPORT

Statutory information as required under Section 134(3) (m) read with Rule 8(3) of the Companies (Accounts) Rules 2014

a) Conservation of Energy: The Company has set-up Captive Power Generation Plants, which utilise surplus Blast Furnace gas and waste heat from exhaust gases of Coke Ovens for generating Power apart from thermal coal. The Power Plants have been functioning satisfactorily. The power requirement of operations is met from these Power Plants.

b) Technology absorption: The technologies sourced in earlier years from SINO STEEL for the Pig Iron plant and from Chinese Academy of Agriculture Mechanisation Sciences (CAAMS) for Ductile Iron Pipe manufacturing plant at Haresamudram works and Anshan Technology for Metallurgical Coke plant at Kudithini works, all technologies sourced from P.R.China, stand fully absorbed.

c) The Company is not engaged into any Research and Development activity and as such there is no expenditure incurred on Research and Development activity.

d) Foreign Exchange earnings and outgo: (Amount in ₹.)

I)	Foreign Exchange Earnings:		
	a) F.O.B value of exports	:	Nil
II)	Foreign Exchange Outgo:		
	a) C.I.F. value of imports:		
	I. Raw materials	:	Nil
	ii. Capital goods	:	Nil
	b) Usance interest	:	Nil

for and on behalf of the Board

(K. Thanu Pillai)
Chairman
(DIN: 00123920)

Place: Hyderabad
Date: 14.08.2019

ANNEXURE-II TO DIRECTORS' REPORT

DIRECTORS, EMPLOYEES AND THEIR REMUNERATION

Disclosures required to be made pursuant to Section 197 (12) Read with Rule 5 to the Companies (Appointment & Remuneration) Rules, 2014

a. Details of Remuneration Policy and payment of remuneration to all Directors / Key Managerial Personnel / other managerial employees is given in the Report on Corporate Governance under the head Nomination and Remuneration Committee which forms part of this Report.

b. The particulars of employees required to be furnished pursuant to Section 197(12) of the Companies Act 2013 read with sub rule (2) to Rule 5 to the Companies (Appointment & Remuneration) Rules, 2014, as amended, are not required to be provided as there were no employees drawing remuneration more than the stipulated limits:

c. The ratio of the remuneration of each Director and Key Managerial Personnel to the median remuneration of the employees of the Company for the financial year:

S.No.	Directors	Ratio
	Independent Directors:	
1.	Shri K. Thanu Pillai	1.12
2.	Shri Syed Anis Hussain	1.83
3.	Shri S.N.Rao	0.90
4.	Smt Latha Pamula #	0.11
	Whole Time Directors:	
5.	Shri A.Naresh Kumar	54.24
6.	Shri A.S.Rao	49.71
7.	Dr. Shailendra Dasari *	41.36
	Key Managerial Personnel:	
8.	Shri K.V.Krishna Rao %	47.36
9.	Shri VSRK Hanuman@	2.37
10.	Shri A.Sainath ^	0.54

Smt.Latha Pamula has been appointed w.e.f 14th February 2019 as Independent Woman Director.
* Dr Shailendra Dasari ceased to be director w.e.f 31st January 2019 by virtue of his Resignation
% Shri K.V.Krishna Rao, ceased as CFO & Company Secretary w.e.f 30th November 2018
@ Shri V.S.R.K Hanuman, appointed as Chief Financial Officer w.e.f 14th February 2019
^ Shri A.Sainath, appointed as Company Secretary & Compliance Officer w.e.f 14th February 2019.

d. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

S.No.	Directors	% increase
	Independent Directors:	
1.	Shri K. Thanu Pillai	2.85
2.	Shri Syed Anis Hussain	-46.45
3.	Shri S.N.Rao	24.31
4.	Smt Latha Pamula	NA
	Whole Time Directors:	
5.	Shri A.Naresh Kumar	16.95
6.	Shri A.S. Rao	24.30
7.	Dr. Shailendra Dasari	(1.38)
	Key Managerial Personnel:	
8.	Shri K.V.Krishna Rao %	99.99
9.	Shri VSRK Hanuman@	NA
10.	Shri A.Sainath ^	NA

1. Remuneration of Independent Directors for current year includes fees for attending committee meetings.
   Decrease in Fee paid for Shri Syed Anis Hussain is due to arrears of 150000/- paid in previous year.
2. Remuneration of Dr. Shailendra Dasari and Shri K.V.Krishna Rao is up to the date of their resignation or expiry of tenure.

% Shri K.V.Krishna Rao, resigned as CFO & Company Secretary w.e.f 30th November 2018.

@ Shri V.S.R.K Hanuman, Appointed as Chief Financial Officer w.e.f 14th February 2019.

^ Shri A.Sainath , appointed as Company Secretary & Compliance Officer w.e.f 14th February 2019.

e. The percentage increase in the median remuneration of employees in the financial year is 3.9%

f. The number of permanent employees on the rolls of Company:468

g. The explanation on the relationship between average increase in remuneration and Company performance:
   The Increase in remuneration is due to individual performance appraisal and as per the terms of their employment in the company.

h. Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

S.No.	Description	Amount ₹	Comparative%
1.	Aggregate remuneration of Key Managerial Personnel during financial year 2018-19	11560635	
2.	Revenue		
3.	Loss before tax	2277776344	
4.	Remuneration of Key Managerial Personnel as % of Revenue		0.50
5.	Remuneration of Key Managerial Personnel as % of profit before tax		negative

i. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

S.No.	Particulars	31.03.2019	31.03.2018	% change
1.	Market capitalisation	369534000	908565000	-59.21
2.	Price Earnings Ratio	-0.08	-29.66	-2965.73

S.No.	Particulars	31.03.2019	IPO price April 1994	% change
1.	Market price -BSE	7.26	10.00	-27.4
2.	Market price -NSE	7.45	10.00	-25.5

j. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
   The percentile increase in the remuneration of managerial personnel is within the normal range of increase of other employees.

k. Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:
   The comparison is as provided in clause-h herein above.

l. The key parameters for any variable component of remuneration availed by the Directors:
   There is no variable component of remuneration to Independent Directors.

m. The ratio of the remuneration of the highest paid Director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:
   None of the employees receiving remuneration higher than that of remuneration highest paid to the Director.

n) Affirmation that the remuneration is as per the remuneration policy of the Company:
   The Board affirms that the remuneration paid is in accordance with Remuneration Policy of the Company.

for and on behalf of the Board

(K. Thanu Pillai)
Chairman
(DIN: 00123920)

Place: Hyderabad
Date: 14.08.2019

ANNEXURE-III TO DIRECTORS' REPORT

FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act 2013 including certain arm's length transactions under third proviso thereto

1.	**Details of contracts or arrangements or transactions not at arm's length basis.**	
(a)	Name(s) of the related party and nature of relationship	During the financial year 2018-19, Sathavahana Ispat Limited has not entered into any contracts or arrangements or transactions that are not at arm's length basis.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
2.	**Details of material contracts or arrangement or transactions at arm's length basis**	
(a)	Name(s) of the related party and nature of relationship	The details are provided in the Report on Corporate Governance and accompanying Financial Statements. Transactions, contracts or arrangements entered into by the Company are in the ordinary course of business, on an annual renewal basis and at arm's length price. These transactions were duly approved by the Audit Committee and the Board on 30th May 2018.
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts / arrangements / transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

for and on behalf of the Board

(K. Thanu Pillai)
Chairman
(DIN: 00123920)

Place: Hyderabad
Date: 14.08.2019

ANNEXURE-IV TO DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2019

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

I. REGISTRATION AND OTHER DETAILS:		
I)	CIN:-	L27109TG1989PLC010654
ii)	Registration Date	08.11.1989
iii)	Name of the Company	Sathavahana Ispat Limited
iv)	Category / Sub-Category of the Company	Company limited by shares, Indian, non-government Company
v)	Address of the Registered Office and contact details	505, 5th Floor, Block-I, Divyashakti Complex, Ameerpet, Hyderabad – 500 016 Email: cs@sathavahana.com, Web: www.sathavahana.com
vi)	Whether listed Company Yes / No	Yes. BSE(526093),NSE(sathaispat)
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	XL Softech Systems Limited, # 3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD– 500034, Telangana State Phone: +91-40-23545913, Fax +91-40-23553214 Email: xlfield@gmail.com, web: www.xlsoftech.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-			
Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Metallurgical Coke -Manufacture	19101	93.65

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
NIL					

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

I) Category-wise Share Holding:

Cate-gory code	Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Shareholding of Promoter and Promoter Group**									
(1)	**Indian:**									
(a)	Individuals / Hindu Undivided family	12078987		12078987	23.73	11925336	0	11925336	23.43	-0.30
(b)	Central Government/State Government(s)									
(c)	Bodies Corporate#	4200000		4200000	8.25	4200000	0	4200000	8.25	0.00
(d)	Financial Institutions / Banks									
(e)	Any other (specify)									
	Sub -Total (A) (1)	16278987	0	16278987	31.98	16125336	0	16125336	31.68	-0.30
(2)	**Foreign :**									
(a)	Individuals (Non-Resident individuals/Foreign individuals)									
(b)	Bodies Corporate	2520000	0	2520000	4.95	2520000	0	2520000	4.95	0.00
(c)	Institutions									
(d)	Any other (specify)									
	Sub -Total (A) (2)	2520000	0	2520000	4.95	2520000	0	2520000	4.95	0.00
	Total Shareholding of promoter and promoter Group (A)= (A)(1) + (A)(2)	18798987	0	18798987	36.93	18645336	0	18645336	36.63	-0.30

(B)	**Public Shareholding**									
(1)	Institutions									
(a)	Mutual Funds / UTI		26300	26300	0.05		17400	17400	0.03	-0.02
(b)	Financial Institutions / Banks	13803	12800	26603	0.05		15500	15500	0.03	-0.02
(c)	Central Government/State Government(s)									
(d)	Venture Capital Funds									
(e)	Insurance Companies									
(f)	Foreign Institutional Investors	9630996		9630996	18.92	9595596		9595596	18.85	-0.07
(g)	Foreign Venture Capital Investors									
(h)	Any other (specify)									
	Sub-Total (B) (1)	9644799	39100	9683899	19.03	9595596	32900	9628496	18.92	-0.11
(2)	**Non-Institutions**									
(a)	Bodies Corporate	2061654	52500	2114154	4.15	1535270	52500	1587770	3.12	-1.03
(b)	Individuals									
	i. Individual shareholders holding nominal share capital upto Rs. 1 lakh	7217810	1857657	9075467	17.83	7337819	1774608	9112427	17.90	0.07
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	5026997	22200	5049197	9.92	5949253	22200	5971453	11.73	1.81
(c)	Any other (specify) :									
(c.i)	Trusts	0	0	0	0.00	0	0	0	0.00	0.00
(c.ii)	NRIs/OCBs	116335	48100	164435	0.32	123141	44100	167241	0.33	0.01
(c.iv)	Clearing members	437545	0	437545	0.86	210961	0	210961	0.42	-0.44
(c.iii)	Foreign Bodies Corporate	5576316	0	5576316	10.96	5576316	0	5576316	10.96	0.00
	Sub-Total (B) (2)	20436657	1980457	22417114	44.05	20732760	1893408	22626168	44.46	0.41
	Total Public Shareholding (B)= (B)(1) + (B)(2)	30081456	2019557	32101013	63.07	30328356	1926308	32254664	63.37	0.30
	Total (A) + (B)	48880443	2019557	50900000	100.00	48973692	1926308	50900000	100.00	0.00
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**									
	GRAND TOTAL (A)+ (B)+(C)	48880443	2019557	50900000	100.00	48973692	1926308	50900000	100.00	0.00

ii) Shareholding of Promoters:

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	
1	Shri A.Shivaji Rao	1424000	2.80	0	1424000	2.80	0	0
2	Smt A. Mutya Bai	4910482	9.65	0	4756831	9.35	0	0.30
3	Shri A. Naresh Kumar	2019105	3.97	0	2019105	3.97	0	0.00
4	Shri A. Ashok Kumar	3319110	6.52	0	3319110	6.52	0	0.00
5	Smt N. Chilakamma	210000	0.41	0	210000	0.41	0	0.00
6	Smt Deepa N. Adusumilli	129100	0.25	0	129100	0.25	0	0.00
7	Shri P. Ajay Kumar	67190	0.13	0	67190	0.13	0	0.00
8	Ganapati Adusumilli Fininvest Private Limited	4200000	8.25	0	4200000	8.25	0	0.00
9	Ganapati Holdings Pte Limited	2520000	4.95	0	2520000	4.95	0	0.00
	Total	18798987	36.93	0	18645336	36.63	0	0.30

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

Sl. No.	Description	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	18798987	36.93	18798987	36.93
2	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): IFCI a Secured Lender, Invoked 153651 pledged shares of Smt Mutya Bai during the financial year 2018-19	0	0	-153651	-0.30
3	At the end of the year	18645336	36.93	18645336	36.63

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

S. No.	Name of shareholder	Description	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	ONE EARTH CAPITAL LIMITED	At the beginning of the year	01.04.2018	5576316	10.96	5576316	10.96
		increase / decrease*		0	0.00	5576316	10.96
		At the End of the year	31.03.2019	0	0.00	5576316	10.96
2	PLUTUS TERRA INDIA FUND	At the beginning of the year	01.04.2018	4990000	9.80	4990000	9.80
		Market Sale*		-35400	-0.07	4954600	9.73
		At the End of the year	31.03.2019	0	0.00	4954600	9.73
3	HESHIKA GROWTH FUND	At the beginning of the year	01.04.2018	0	0.00	0	0.00
		Market purchase*	20.03.2019	4640996	9.12	4640996	9.12
		At the End of the year	31.03.2019	4640996	9.12	4640996	9.12
4	BHAVESH DHIRESHBHAI SHAH	At the beginning of the year	01.04.2018	501355	0.98	501355	0.98
		increase / decrease*		0	0.00	501355	0.98
		At the End of the year	31.03.2019	0	0.00	501355	0.98
5	SUBRAMANIAN P	At the beginning of the year	01.04.2018	457990	0.90	457990	0.90
		increase / decrease*		0	0.00	457990	0.90
		At the End of the year	31.03.2019	0	0.00	457990	0.90
6	PRADEEP KUMAR SARAF	At the beginning of the year	06.04.2018	252	0.00	252	0.00
		Market purchase*	08.02.2019	342509	0.67	342761	0.67
		Market purchase*	31.03.2019	54667	0.11	397428	0.78
		At the End of the year	31.03.2019	397428	0.78	397428	0.78
7	SAL ADVISORS PVT LTD	At the beginning of the year	01.04.2018	366000	0.72	366000	0.72
		increase / decrease*		0	0.00	366000	0.72
		At the End of the year	31.03.2019	0	0.00	366000	0.72
8	RENU VARMA	At the beginning of the year	06.04.2018	135918	0.27	135918	0.27
		Market purchase*	07.12.2018	71630	0.14	207548	0.41
		Market purchase*	08.03.2019	28658	0.06	236206	0.46
		Market purchase*	31.03.2019	25649	0.05	261855	0.51
		At the End of the year	31.03.2019	261855	0.51	261855	0.51
9	GEETHA POTLURI	At the beginning of the year	01.04.2018	156191	0.31	156191	0.31
		Market Sale*	27.04.2018	-4905	-0.01	151286	0.30
		Market purchase*	25.05.2018	24676	0.05	175962	0.35
		At the End of the year	31.03.2019	175962	0.35	175962	0.35
10	NEVILLE JIYIBHOY MISTRY	At the beginning of the year	01.04.2018	160865	0.32	160865	0.32
		increase / decrease*		0	0.00	160865	0.32
		At the End of the year	31.03.2019	0	0.00	160865	0.32

*Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):

(v) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of the Director and Key Managerial Personnel	Description	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Syed Anis Hussain, Independent Director	At the beginning of the year	01.04.2018	1000	0.00	1000	0.00
		increase / decrease*		0	0.00	1000	0.00
		At the End of the year	31.03.2019	0	0.00	1000	0.00

*Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):

VI. Indebtedness:

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

Description	Secured loans excluding deposits	Unsecured loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	9877359977	0	0	9877359977
ii) Interest due but not paid	563521204	0	0	563521204
iii) Interest accrued but not due	26647184	0	0	26647184
Total (i+ii+iii)	10467528365	0	0	10467528365
Change in Indebtedness during the financial year				
- Addition	1423059804	0	0	1423059804
- Reduction	51690685	0	0	51690685
Net Change	1371369119	0	0	1371369119
Indebtedness at the end of the financial year				
i) Principal Amount	10701705226	0	0	10701705226
ii) Interest due but not paid	1208551398	0	0	1208551398
iii) Interest accrued but not due	32022230	0	0	32022230
Total (i+ii+iii)	11942278854	0	0	11942278854

VII. Remuneration of Directors and Key Managerial Personnel:

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		A.S.Rao, Executive Vice Chairman	**A. Naresh Kumar,** Managing Director	**Dr Shailendra Dasari,** Executive Director (operations) *	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	5378065	5812997	4200000	15391062
	(b) Value of perquisites u/s 17(2) Income-Tax Act,1961	120000	187003	375000	682003
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
	Sub Total	5498065	6000000	4575000	16073065
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission				
	- as % of profit	0	0	0	0
	- others, specify…	0	0	0	0
5.	Others, please specify	0	0	0	0
6.	Total (A)	5498065	6000000	4575000	16073065
Ceiling as per the Companies Act 2013					16073065

* Dr Shailendra Dasari ceased to be director w.e.f 31.01.2019 by virtue of his Resignation

The above salary and allowances are net of recoveries made and in terms of approval accorded by the Nomination and Remuneration Committee in accordance with Schedule V of the Companies Act 2013 and in accordance with the terms and conditions of their respective appointments approved by the shareholders.

B. Remuneration to other directors: Amount ₹

Sl. No.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others please specify	Total amount
1.	Independent Directors:				
	Shri K. Thanu Pillai	124000	0	0	124000
	Shri Syed Anis Hussain	202000	0	0	202000
	Shri S.N.Rao	99000	0	0	99000
	Smt Latha Pamula #	12000	0	0	12000
	Total (1)	437000	0	0	437000
2.	Other Non-Executive Directors	0	0	0	0
	Total (2)	0	0	0	0
	Total B=(1+2)	437000	0	0	437000
Ceiling as per the Companies Act 2013					437000

#Smt.Latha Pamula has been appointed w.e.f 14.02.2019 as Independent Woman Director.

C. Remuneration to Kay Managerial Personnel other than MD, WTD4 and/or Manager: Amount ₹

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel other than MD/WTD/ Manager			Total Amount
		$ **K.V.Krishna Rao**, CFO & Company Secretary	% **V.S.R.K Hanuman**, Chief Financial Officer	^**A. Sainath**, Company Secretary	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	1538615	255825	57000	312825
	(b) Value of perquisites u/s 17(2) Income-Tax Act,1961	66100	6375	3000	9375
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
	Sub Total	1604715	262200	60000	1926915
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission				
	- as % of profit	0	0	0	0
	- others, specify…	0	0	0	0
5.	Others, please specify : Taxabale Incentive Paid	3633720	0	0	3633720
6.	Total (A)	5238435	262200	60000	5560635
Ceiling as per Companies Act 2013					5560635

$ Resigned as Chief Financial Officer and Company Secretary w.e.f 30th November 2018
% Appointed as Chief Financial Officer w.e.f 14th February 2019
^ Appointed as Company Secretary & Compliance officer w.e.f 14th February 2019

VIII. Penalties / Punishmet/ Compounding of offences:					
Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority[RD/ NCLT/COURT]	Appeal made. If any(give details)
A. Company					
Penalty	There were no such cases during the year				
Punishment					
Compounding					
B. Directors					
Penalty	There were no such cases during the year				
Punishment					
Compounding					
C. Other Officers In Default					
Penalty	There were no such cases during the year				
Punishment					
Compounding					

for and on behalf of the Board

(K. Thanu Pillai)
Chairman
(DIN: 00123920)

Place: Hyderabad
Date: 14.08.2019

ANNEXURE-V TO DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2019

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

To,
The Members,
SATHAVAHANA ISPAT LTD

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SATHAVAHANA ISPAT LTD** (hereinafter called the 'Company'). Secretarial Audit was conducted in accordance with the guidance note issued by the **Institute of Company Secretaries of India** and in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019, according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 ;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable to the Company during the period of audit)**

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; **(Not applicable to the listed entity during the period under review)**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **(Not applicable to the Company during the period of audit)**

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **(Not applicable to the Company during the period of audit)**

   h. Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; **(Not applicable to the listed entity during the period under review)**

   i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

   j. Securities and Exchange Board of India (Issue and Listing of Non Convertible and Redeemable Preference Shares) Regulations,2013; (Not applicable to the listed entity during the period under review)

   k. Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

vi. Other Laws specifically applicable to the company include:

   i. Electricity Act, 2003

   ii. The Karnataka Electricity (Taxation on Consumption) Act, 1959

iii. The Boilers Act, 1923

iv. The Contract Labour (Regulation And Abolition) Act, 1970

v. Mines and Minerals (Development and Regulations) Act, 1957

vi. The Bureau of Indian Standards Act, 1986

vii. Andhra Pradesh Electricity Duty Act, 1939

viii. The Karnataka Forest Act, 1963

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India and notified under the Companies Act, 2013;

ii. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (NSE).

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

a. there is no Woman Director on the Board of the Company as required under Section 149 of Companies Act, 2013 read with Rule 3 of Chapter XI Companies (Appointment and Qualifications of Directors) Rules, 2014 and Regulation No. 17(1) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; However the Company has appointed a Woman Director on 14.02.2019.

b. the Company is yet to file Form IEPF-4 for statement of transfer of shares in respect of Un-claimed dividend for seven years to IEPF authority as required under Section 124 (6) of Companies Act, 2013.

We further report that

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decisions are carried through while the dissenting member's views, if any, are captured and recorded as part of the minutes.

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

We further report that during the period under review:

a. National Stock Exchange of India Limited (NSE) imposed on the Company a fine of Rs. 10,85,600/- including GST and BSE Limited (BSE) had imposed a fine of Rs. 10,85,600/- including GST for Non Compliance with the requirements pertaining to the composition of the Board of Directors as per Regulation 17(1) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   Further, company had replied to the Stock exchanges on the said matter stating that they are in the process of identifying Woman Director. Later, Woman Director had been appointed on 14 February 2019. Further Listed Entity had paid the amount of fine levied by BSE and NSE on 03.04.2019 and intimated the same to the Stock Exchanges.

b. National Stock Exchange of India Limited (NSE) issued a notice dated 02.08.2019 vide Reference No. NSE/SOP/ FRZ/86458 with reference to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2018/77 dated 3rd May, 2018 in respect to freezing of promoters holding for non-compliance with Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for quarter ended 31st March, 2019 and levied fine of Rs. 2,59,600/- inclusive of GST.

c. Letter received by the Company by e-mail from BSE on 02.08.2019 towards freezing of promoter holding for non compliant with Reg. 17 of SEBI for the quarter ended March 2019 and levying a penalty of Rs. 2,59,600/- inclusive of GST.

d. The request of the company for deep restructuring of the debt which was under consideration by the Joint Lenders Forum (JLF) was considered favourably and initiated the process of restructuring which is under different stages of progress and shall be implemented upon full tie up of restructuring package. The restructuring plan envisages extended tenors of repayment of loans. In the mean while, Andhra Bank had issued Notice dated 24.08.2018 under the provisions of

SARFAESI which upon the request of the Company and as advised by the Lead Lender has been kept on hold and initiated the appraisal of the debt restructuring package.

The JLF has appointed Dun & Brad street as techno economic viability consultant and SBI Caps as Financial Consultant for the proposed restructuring plan and both have submitted their TEV Study, Information memoranda to the lenders.

The Deep debt restructuring plan is in final stages by the banks and outcome of the same is expected soon; the management opines that restructuring plan by the banks will be considered favourably and will help the company in reviving the operations.

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824

Place: Hyderabad
Date:14.08.2019

This report is to be read with our letter of even date which is annexed as **'Annexure A'** and forms an integral part of this report.

'Annexure A'

To,

The Members,

SATHAVAHANA ISPAT LIMITED

Our report of even Date is to be read along with this letter.

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

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824

Place: Hyderabad
Date:14.08.2019

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Part C of schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015)

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Corporate Governance is more than a set of processes and compliances at Sathavahana Ispat Limited. It underlines the role that we see for ourselves for today, tomorrow and beyond.

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed. Therefore, situation, performance, ownership and governance of the Company are equally important with respect to the structure, activities and policies of the organization. Consequently, the organization is able to attract investors and enhance the trust and confidence of the stakeholders.

Sathavahana Ispat Limited's ("Sathavahana / the Company") compliance with the Corporate Governance guidelines as stipulated by the stock exchanges and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"] is described in this section. The Company believes that sound Corporate Governance is critical to enhance and retain investor's trust. Sathavahana respects minority rights in its business decisions.

The Company's Corporate Governance philosophy is based on the following principles:

- ✦ Satisfy the spirit of the law and not just the letter of the law.
- ✦ Be transparent and maintain high degree of disclosure levels.
- ✦ Communicate externally, in a truthful manner, about how the Company is run internally.

Sathavahana is committed to good Corporate Governance practices. Consistent with this commitment, Sathavahana seeks to achieve a high level of responsibility and accountability in its internal systems and policies. Sathavahana respects the inalienable rights of the shareholders to information on the performance of the Company. The Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies etc.

All details mentioned in this Report are as at March 31, 2019. Material changes and events between the end of the financial year and date of the report are provided where ever required.

2. BOARD OF DIRECTORS:

The Board of Directors as on 31st March 2019 consists of Six Directors of which two are Executive and four are Non-executive Directors and among these two are Promoter Directors; and four are Independent Directors. The Independent Directors constitute 66.60% of the Board's strength. Again, Non-executive Directors constitute 66.60% of the board's strength. The Chairman of the Board is Non-executive, Independent Director.

- Composition and category of Directors is as follows:

Category	Name of the Director
1. Executive Directors	
a Promoters	1. SHIVAJI RAO ADUSUMILLI
	2. NARESH KUMAR ADUSUMILLI
2. Non Executive Directors	
a Independent Directors	1. THANU KOLAPPA PILLAI
	2. SYED ANIS HUSSAIN
	3. SRINIVAS NARAYANA RAO
	4. LATHA PAMULA

Non-Executive Directors are Independent Directors within the meaning of Section 2 read with Section 149(6) of the Companies Act 2013 and Regulation 16 (1)(b) of the Listing Regulations. All the Independent Directors have confirmed that they meet the criteria as provided in Section 149 of the Companies Act 2013 and Regulation 16(1)(b) of the Listing Regulations as amended. The tenure of Independent Directors is five years from the date of their appointment.

Attendance of each Director at the Board of Directors meetings and the last Annual General Meeting:

Name of the Director	Board Meeting		Attendance at last AGM
	Held	Attended	
Shri Shivaji Rao Adusumilli	5	5	Yes
Shri Naresh Kumar Adusumilli	5	5	Yes
Dr. Shailendra Dasari @	4	4	Yes

Shri Thanu Kolappa Pillai	5	5	Yes
Shri Syed Anis Hussain	5	4	No
Shri Srinivas Narayana Rao	5	4	Yes
Smt. Latha Pamula $	NA	NA	NA

@ Ceased to be a director with effect from 31.01.2019 by virtue of resignation.
$ Appointed as Additional Independent Director with effect from 14.02.2019

- Number of Board of Directorships in Other Companies, Board Committees he/she is a member or chairperson of

Name of the Director	Other Company Directorships		Board Committees	
	Director	Chairman	Member	Chairman
Shri Shivaji Rao Adusumilli	3	None	None	None
Shri Naresh Kumar Adusumilli	5	None	None	None
Dr. Shailendra Dasari	-	None	None	None
Shri Thanu Kolappa Pillai	9	None	2	2
Shri Syed Anis Hussain	2	None	2	None
Shri Srinivas Narayana Rao	2	None	None	None
Smt. Latha Pamula	-	None	None	None

None of the Directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are Directors.

Shri A.S.Rao, Executive Vice Chairman and Shri A. Naresh Kumar, Managing Director are related to each other. Save and except the above none of the other Directors on the Board or their respective relatives are not related to each other.

None of the Independent Non-Executive Directors has any pecuniary relationship or transactions with the Company, its promoters or its senior management which in the judgment of Board may affect the independence of the Director except receiving sitting fees for attending Board/Committee meetings.

- Number of board meetings held, dates on which held:

  During the year the Company has held Five Board of Directors meetings. The dates on which these meetings held were: 30th May 2018; 14th August 2018; 29th September 2018; 12th November 2018 and 14th February 2019. The maximum interval between any two meetings was not more than four calendar months. The Independent Directors have met one time on 28th March 2019 for evaluation of performance of Directors.

- Board meetings Process:

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

- Appointment/Reappointment of Directors at the 30th Annual General Meeting:

  1. Shri A. Naresh Kumar had been appointed as Managing Director in the Board Meeting held on 30.05.2014 for a period of five years w.e.f. 01.06.2014 to 31.05.2019 and the appointment was subsequently approved at the 25th Annual General Meeting of the Company.
  2. Accordingly his earlier tenure as Managing Director ended on 31.05.2019. Shri A. Naresh Kumar is eligible for re-appointment and accordingly it was proposed to re-appoint Shri A. Naresh Kumar, one of the promoters Director, as Managing Director of the Company. Shri A. Naresh Kumar is a Chemical Engineer by profession and holds a Masters' Degree from the University of Missouri-Rolla, U.S.A. Shri Naresh Kumar is a Promoter Director on the Board of the Company since May, 1992. Shri Naresh Kumar was also a Director on the Board of the Company during 1989-1991. Shri Naresh Kumar has now successfully completed 20 years as Managing Director of this Company. Shri Naresh Kumar as a Director on the Board of Directors has gained good experience on the operations; administration and management of the Company.
  3. Shri. Shri S.N.Rao has, in pursuance of Section 149 of the Companies Act 2013 read with Schedule IV thereto and Companies (Appointment and Qualification of Directors) Rules 2014, given a declaration to the Board that he meets the criteria of independence as provided thereunder. In the opinion of the Board Shri S.N.Rao fulfils the conditions specified in the Act and the Rules made thereunder for appointment as Independent Director and he is independent of the management.

Shri Ramana Kumar Davuluri was appointed as Director on the Board at the Board Meeting held on 20th April 2019 as Executive director as per the provisions of Companies Act, 2013 for a period of three years w.e.f. 20th April 2019 to 19th April 2022.

Shri Ramana Kumar Davuluri is eligible for appointment subject to approval of Secured Lenders who have Lent term / Corporate Loans and Working Capital Loans and Shareholders at the General Meeting by a Special Resolution. he has been associated with the company for over two decades in the capacity of Sr. Vice President(RM & ADM) overseeing the operations of the Company at Bellary office. RAMANA KUMAR DAVULURI is a graduate in Mechanics.

- Cessation of Directorship:

  Shri. Shailendra Dasari, Executive Director on the Board of the Company has resigned due to personal reasons and his resignation was accepted by the Board with effect from 31.01.2019. Board wishes to place on record of its appreciation for the valuable services rendered by Shailendra Dasari during his tenure.

- Appointments during the year :

  Smt. Latha Pamula has been appointed as Independent Woman Director on the Board of the Company on recommendation of Nomination and Remuneration Committee meeting held on 14.02.2019, for a period of 5 years

- Skill matrix of the Board

  The Board has identified the following skills / expertise / competencies fundamental for effective functioning of the Company which are currently available with the Board: Technology and digital expertise:

  Industry and sector experience or knowledge: Knowledge and experience in telecom sector to provide strategic guidance to the management.

  Strategic Leadership Skills: Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams.

  Financial and Risk Management: Wide-ranging financial skills, accounting and reporting, corporate finance and internal controls, including assessing quality of financial controls identify the key risks to the Company and monitor the effectiveness of the risk management framework and practices.

  Governance: Experience in developing governance practices, serving the best interest of all stakeholders, maintaining board and management accountability, effective stakeholder engagements and commitment to highest standards of corporate ethics and values.

- Familiarization Programme of Independent Directors:

  At every meeting of the Board of Directors, the Whole Time Directors, over and above the agenda items, give an updation to the Independent Directors on the various technical, financial and general business aspects affecting the Company's business. The departmental heads from various departments were also called in to explain to the Independent Directors technical, financial, commercial, legal aspects affecting the Company's business. The Independent Directors have also met on 28.03.2019 as a part of familiarisation programme and performance evaluation. Details of familiarisation programme to the Independent Directors are placed in the investors' column of the company's website at www.sathavahana.com/Details_Directors.pdf.

- Policy on selection and appointment of Directors:

  Selection and appointment of Directors triggers whenever there is a casual vacancy in the Board or when the Board is of the opinion that it be strengthened to bring in diversity and expertise to the Board or to comply with any regulatory directions or with terms and conditions of the agreements.

  Nomination and Remuneration Committee is entrusted with the task of identifying suitable persons by personal contacts or data bases. The selection criteria generally based on personal virtues, qualifications, skills, talent and ability to analyse and judge the issues, dynamism and leadership, experience and expertise in technical, finance, commercial, human resources management etc. After selection of a suitable person, the Nomination and Remuneration Committee considers the appointment on the Board and then recommends the candidature to the Board. The appointment of Director generally is done at the General Meetings unless situation warrants immediate appointment.

  Nomination and Remuneration Committee ensures that the appointees meet the criteria of independence as provided in Section 149 of the Companies Act 2013 and Regulation 16(1)(b) of the Listing Regulations. The tenure of appointment of Independent Directors is generally five years and the office held by Independent Directors is not liable for retirement of Directors by rotation. In the appointment of Whole Time Directors, the Committee also ensures that the appointees meet the criteria as provided in the Companies Act 2013 and Regulation 17 of the Listing Regulations and the tenure of each appointment is generally three to five years. The office held by Whole Time Directors with the exception of office held by Managing Director, is liable for retirement of Directors by rotation.

- Board's performance evaluation:

  Independent Directors have met on 28th March 2019 to carry out performance appraisal of the Independent Directors where the role and responsibilities of Independent Directors in terms of various provisions of Companies Act 2013 and Regulations 25 (3) & (4) of the Listing Regulations. As a part of Independent Directors' training Shri A.Sainath, Company Secretary gave a brief on the role and responsibilities of the Independent Directors. Later the Whole Time Directors joined the meeting for carrying out the evaluation of Board/Board Committees/Individual Directors. Where performance of individual Director was evaluated, the Director concerned stayed away from the process. Before attempting at evaluation process the Board recognized its fiduciary role, its role in planning and formulating long term strategies, goals and policies and its duties to the Company and Stakeholders.

  The performance evaluation of the Board was carried out with reference to its understanding of Company's mission; governing principles; long term vision, strategies, policies; industry and product profile; Company's role and responsibility as a corporate citizen. Board's performance evaluation was also done among others with reference to its ability and capability to guide the Company on long term policies, long range strategic thinking and planning. Evaluation performance also touched upon parameters like Board's ability to stay abreast of issues and trends; open communication, meaningful participation and sound resolution of issues and policy related decisions. From the point of view of meetings conducted, the evaluation performance was reviewed with reference to whether meeting facilitates focus & progress on important Company matters, reconsider and revises policies as and when required; whether new members received prompt and thorough orientation; whether reports on performance, finances, targets are presented timely; whether agendas are well balanced allowing appropriate time for critical issues; whether meetings are held for sufficient length, whether agendas are timely, accurate, contains useful and sufficient information so as to facilitate rightful decision making; whether the functioning of Board is collegial, polite during meetings, respects majority view on issues; communicates its directions, delegations in one voice and whether the meetings are held on regular basis and in compliance with regulatory requirements. With reference to performance evaluation of various Board Committees the issues like whether the composition of each Committee is adequate and balanced, whether the deliberations at the Committee meetings were within the overall objectives for which it was constituted, whether the deliberations are effectively and adequately communicated to the Board, and whether the meetings are held on regular basis and members are participating in the meetings regularly.

  In the performance evaluation of each Director the parameters that were applied include whether he or she is regular in attendance, timely present, read the material, feels involved and interested in the Board's work; whether effectively communicating governance and ethical problems to the Board and in cases of conflict of interest avoid participation in the discussions; whether initiates discussions in a meaningful and helpful way, constructively participates and makes timely decisions; whether understands his/her fiduciary duties and acts for the benefit of stakeholders rather than any select group; whether working as a team member striving for consensus while expressing dissent where required; whether working with Whole Time Directors in a way to create trust and co-operation; whether where required avail the assistance and services of staff and outside consultants without hesitation and prevails upon the Board to agree and whether the functioning was within the overall goals and objectives of the Company.

  The Board expressed its satisfaction on the overall performance of the Board, its Committees and of each Director during the year.

3. AUDIT COMMITTEE:

The Audit Committee is duly constituted as per the provisions of the Act, applicable Rules framed thereunder read with the listing regulations. The primary objective of the committee is monitoring and supervising the Management's financial reporting process to ensure accurate and timely disclosures with highest levels of transparency, integrity and quality of financial reporting.

Committee comprises of Chairman - Shri K.Thanu Pillai, Independent Director and two other Independent Director members -Shri Syed Anis Hussain, and Shri S.N.Rao.

Company Secretary acts as Secretary to the Audit Committee. Representatives of Statutory Auditors and representatives of Internal Auditor are invited to be present at the meetings of the Committee. The Audit Committee meets the requirements of both section 177 of the Companies Act 2013 and Regulation 18 of the Listing Regulations 2015.

The Committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 177 of the Companies Act, 2013 as amended from time to time and also such additional powers, functions / features, duties, obligations and discretions as is contained in Regulation 18 of the Listing Regulations as amended from time to time and / or any other powers, duties and obligations that may be given or assigned from time to time by the Board of Directors and the said Committee shall submit its reports, recommendations etc., to the Board of Directors on all matters.

The Committee met 4(four) times during the year, The dates on which these meetings held were 30th May 2018; 14th August 2018; 12th November 2018 and 14th February 2019.

The following is the attendance of members at these meetings :

Name of the Director	Held	Attended
Shri Thanu Kolappa Pillai	4	4
Shri Syed Anis Hussain	4	4
Shri Srinivas Narayana Rao	4	3

The Audit Committee at its meeting held on 30th May 2019 has considered and approved the Audited Accounts of the Company for the financial year ended 31st March 2019. The Audited Accounts for the financial year ended 31st March 2019, as approved and recommended by the Audit Committee, do not require any explanations from the Board.

4. NOMINATION & REMUNERATION COMMITTEE:

The Nomination & Remuneration Committee has been constituted as required under Section 178 of the Act and Regulation 19 of SEBI (LODR) Regulations, 2015. All the three members including the chairperson are Independent directors.

Nomination and Remuneration Committee comprises Shri K. Thanu Pillai; Shri Syed Anis Hussain and Shri S.N.Rao as its members all of whom are Independent Non-executive Directors. Shri. Syed Anis Hussain acts as Chairman of the Committee.

Company Secretary acts as Secretary to the Nomination & Remuneration Committee.

The Committee met 4(four) times during the year, The dates on which these meetings held were 30th May 2018; 14th August 2018; 12th November 2018 and 14th February 2019.

The Nomination & Remuneration Committee has, inter alia, the following mandate as prescribed under Part C of Schedule II of The SEBI (LODR) Regulations, 2015 and Section 17 of the Companies Act, 2013 some of which are:

A. Terms of Reference

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director, KMP or other employees and recommend to the Board of Directors a policy relating to the appointment & remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors and specifying the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, the Committee or by an independent external agency and review its implementation and compliance;
3. Devising a policy on diversity of Board of Directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors on their appointment, remuneration and removal;
5. Develop and recommend to the Board succession plan for the key positions in the company (the "Succession Plan"), to review the Succession Plan periodically, develop and evaluate potential candidates for executive positions and recommend to the Board any changes to, and any candidates for succession under, the Succession Plan and to perform a consultative and advisory role for any appointment requiring Board approval for the top management positions of the Company;

B. Remuneration paid during the year to Executive Directors: (Amount in ₹)

Name of the Director	Salary	Allowances	Benefits	Total
Shri A. Naresh Kumar	57,62,997	1,20,000	1,17,003	60,00,000
Shri A.S. Rao	53,28,065	1,20,000	50,000	54,98,065
Dr. Shailendra Dasari#	42,00,000	0	3,75,000	45,75,000
Total	1,52,86,062	2,40,000	5,42,003	1,60,73,065

#Ceased to be director with effective from 31.01.2019 by virtue of his resignation.

C. Sitting fees paid during the year to Non- Executive Directors: (Amount in ₹)

Name of the Director	As a director for attending Board meeting	As a committee member for attending Committee meeting	Total
Shri K. Thanu Pillai	60,000	64,000	1,24,000
Shri Syed Anis Hussain	48,000	1,54,000	2,02,000
Shri S.N.Rao	48,000	51,000	99,000
Smt Latha Pamula%	12,000	NA	12,000
Total	1,68,000	2,69,000	4,37,000

% Appointed as Independent Woman director with effect from 14th February 2019.

5. STAKEHOLDERS'RELATIONSHIP COMMITTEE:

The Stakeholders' Relationship Committee is responsible for addressing the investor complaints and grievances. The Committee meets on a periodic basis to address the investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of other documents etc. Details of grievances of the investors are provided in the "Shareholders' Information" section of this Annual Report. The committee has been constituted in accordance with

Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015.

The Stakeholders' Relationship Committee comprises Shri Syed Anis Hussain, Shri A.S.Rao and Shri A.Naresh Kumar as its members and is headed by Shri Syed Anis Hussain as Chairperson. Shri A.Sainath, Company Secretary has been nominated as the Compliance Officer.

The Board of Directors entrusted, inter alia, the following powers and responsibilities to the Committee:

1. To approve and register transfer, transmission, issue of Equity Shares including duplicate shares; to approve the demat requests, remat requests in connection with dematerialisation and/or rematerialisation of Equity Shares;
2. To attend to Shareholders' grievances and redress the complaints of shareholders and attend to the complaints received from other authorities.

During the year the Committee has met 32 times. The necessary quorum was present in all the meetings.

During the year under review, investors' grievances received were nil and no complaints were outstanding as on 31st March 2019.

Share transfers in dematerialisation mode pending on 31st March 2019 were nil.

6. CODE OF BUSINESS CONDUCT AND ETHICS:

In line with the avowed policy on Corporate Governance, the Company has evolved a Code of Business Conduct and Ethics (hereafter referred to as "the Code") applicable to all Directors and senior management of the Company and the same was adopted by the Board of Directors at its meeting held on 29th April 2006. The Code is appended to this Annual Report as an exhibit elsewhere. A link is available in Company's website at www.sathavahana.com under investors' column. The Code has since been circulated to all the Directors and members of senior management and their compliance reports for the financial year 2018-19 have been obtained by the Company.

Statement furnished by the Managing Director as to the compliance of the terms of the Code by the Company is given below:

"COMPLIANCE OF CODE OF BUSINESS CONDUCT AND ETHICS BY THE COMPANY"

I hereby declare and confirm that the Company has complied with the terms of Code of Business Conduct and Ethics evolved by the Company and has obtained the statements of compliance from all the members of the Board of Directors and senior management of the Company for the financial year 2018-19 and further confirm that there are no incidences of violation of the code.

(A.Naresh Kumar)
Managing Director.

7. CEO/CFO CERTIFICATION:

The Company has obtained a certificate from the MD/CFO as required by Regulation 17(8) (Part B of Schedule II) of the SEBI (LODR) Regulations, 2015 and the same forms part of this report as **"Annexure A"**

8. CERTIFICATE FROM PCS THAT NONE OF THE DIRECTORS ON THE BOARD OF THE COMPANY HAVE BEEN DEBARRED OR DISQUALIFIED FROM BEING APPOINTED OR CONTINUING AS DIRECTORS OF THE COMPANIES BY THE BOARD/MINISTRY OF CORPORATE AFFAIRS OR ANY SUCH AUTHORITY:

A Certificate from Practising Company Secretary is received by the Company stating that none of the directors on the Board of the Company have been debarred or disqualified from being appointed as continuing as directors of the companies by the Board/Ministry of corporate affairs or any such statutory authority and the same is annexed to this report as **"Annexure B"**

9. GENERAL BODY MEETINGS:

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

Year	Type of Meeting	Venue	Date	Time
2015-16	27th AGM	Sri Sagi Rama Krishnam Raju Community Hall, Madhuranagar, Hyderabad–500038	30.09.2016	3:00PM
2016-17	28th AGM	Sri Sagi Rama Krishnam Raju Community Hall, Madhuranagar, Hyderabad–500038	29.09.2017	3:00PM
2017-18	29th AGM	Sri Sagi Rama Krishnam Raju Community Hall, Madhuranagar, Hyderabad–500038	29.09.2018	3:00PM

During the year under review, the Company has not called for any Extraordinary General Meeting.

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

No Special Resolutions were passed at 27th, 28th AGM, The following special resolutions have been passed in 29th AGM Held on 29.09.2018.

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

10. POSTAL BALLOTS:

Year	Type of Meeting	Purpose/Agenda	Notice Date
2018-19	Postal Ballot	Following resolutions were passed as special resolutions. • Reappointment of Shri. THANU KOLAPPA PILLAI (DIN: 00123920) as Independent Director • Reappointment of Shri. SYED ANIS HUSSAIN (DIN: 00115949) as Independent Director • Appointment of Smt. LATHA PAMULA (DIN: 08358726) as an Independent Woman Director. • Appointment of Shri YEDA KIRAN KUMAR(DIN:8068075)as Small shareholder Director	15.02.2019

Person Conducting the Postal Ballot Exercise:

Mr.Naresh Kumar Adusumilli, Managing Director and Mr.A.Sainath, Company Secretary were appointed as persons responsible for the entire postal ballot / e-voting process.

Shri. D. Hanumanta Raju & Co., Practising Company Secretaries, Hyderabad was appointed as the Scrutinizer for conducting the postal ballot / e-voting process in a fair and transparent manner.

Procedure followed :

1. In compliance with the Regulation 44 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and Section 108, 110 and other applicable provisions of the Companies Act, 2013, read with the rules made thereunder, the Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company engaged the services of CDSL, for the purpose of providing e-voting facility. The members had the option to vote either by physical ballot or e-voting.
2. The Company dispatched the postal ballot notice dated February 15, 2019 containing draft resolutions together with the explanatory statements, the postal ballot forms and self-addressed envelopes to the members whose names appeared in the register of members / list of beneficiaries as on cut-off date i.e, February 15, 2019. The Company also published a notice in the newspaper and other requirements as mandated under the Act and applicable rules.
3. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms duly completed and signed, to the Scrutinizer on or before 28th March 2019.
4. The Scrutinizer submitted his report on March 26, 2019, after the completion of scrutiny.
5. The results of the postal ballot were announced by the Chairman or any person authorized by him (a definite name could be given as it is a thing of the past) on or before March 28, 2019. The declaration of results of e-voting i.e. March 26, 2019, was taken as the date of passing the resolutions.
6. The result of the postal ballot along with the scrutinizer's report was displayed at the registered office of the Company, hosted at the Company's website at www.sathavahana.com
7. The consolidated summary of the result of postal ballot / e-voting is hosted on the website of the Company in investors' column.

11. DISCLOSURES:

A. RELATED PARTY TRANSACTIONS :

All transactions entered into with Related Parties as defined under The Companies Act, 2013 and Regulation 23 of the SEBI (LODR) Regulations, 2015 during the financial year were in the ordinary course of business and on arms' length pricing.

Name of Related Party	Nature of Transaction-Rental Income	Approval of Audit Committee
Shri A.Naresh Kumar, Managing Director	5,83,200	Yes
Shri A. Ashok Kumar, Relative of two Directors	4,75,200	Yes
Smt. A. Mutya Bai, Relative of two Directors	8,91,950	Yes

These transactions were approved by the Audit Committee and the Board of Directors. There is no pecuniary relationship or transaction of the non-executive Directors' vis-à-vis the Company. The Policy on Related Party Transactions is made available on Company's website at www.sathavahana.com

B. Corporate Social Responsibility:

The Company has constituted Corporate Social Responsibility Committee (in short "CSR Committee")to discharge Corporate Social Responsibility as provided in Section 135 of the Companies Act 2013 and the Listing Regulations. The Committee comprises two Independent Directors viz., Shri S.N.Rao, Shri Syed Anis Hussain and two Non-independent Directors viz., Shri A.S.Rao, Shri A. Naresh Kumar as members. The members of the Committee shall elect one from amongst themselves as Chairperson at every meeting of the Committee.

CSR committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 135 of the Companies Act,2013 as amended from time to time and Rules, Notifications, circulars issued under the said Act and also such additional powers, functions / features, duties, obligations and discretions as is contained in the Listing Regulations as amended from time to time and / or any other powers, duties and obligations that may be given or assigned from time to time by the Board of Directors and the said Committee shall submit its reports, recommendations etc., to the Board of Directors on all matters.

The Corporate Social Responsibility shall be discharged by the CSR Committee in consultation with the Board of Directors. The CSR Committee shall meet as often as required.

The CSR Committee shall prepare Annual CSR plan at the beginning of each financial year in line with provisions read with Schedule VII of the Companies Act 2013 and the CSR Rules and which shall be referred to the Board for its approval. The CSR activities shall be those covered under the Companies Act 2013 apart from any such activity which in the opinion of the CSR Committee is desirable and in the interest of society and public at large.

The Budget for CSR activities shall be a minimum amount as computed under the provisions of Section 135 of the Companies Act 2013 and the Rules thereunder if any and the Board shall be the authority to increase / decrease the budget subject to fulfilling the statutory requirements.

The CSR Committee shall submit its reports, recommendations etc., to the Board of Directors on all Corporate Social Responsibility matters.

The policy shall be subject to review and amendment as and when required and the Board of Directors is the authority for such review and amendment.

During the year, the Company in terms of provisions of sub section 5 to Section 135 of the Companies Act 2013 is not required to earmark any fund for Corporate Social Responsibility activities in view of the losses reported by the Company.

C. Whistle Blower Mechanism:

The Company has constituted a Whistle Blower Committee within the Audit Committee with Shri K.Thanu Pillai as Chairperson and Shri Syed Anis Hussain and Shri S.N.Rao as members. The Committee oversees the implementation of Whistle Blower / Vigil Mechanism and is empowered to take all necessary steps, decisions required in connection with whistle Blower system. The Whistle Blower Mechanism is available to all the stakeholders of the Company and assures adequate safeguards against victimization to the Whistle Blowers. The Chairperson can be reached at info@sathavahana.com.

The Whistle Blower Mechanism details are also provided on Company's website www.sathavahana.com in investors' column.

D. Nirbhaya Committee:

The Company has constituted a Committee by name "Nirbhaya Committee" as required under the provisions of Companies Act 2013 and the Listing Regulations for monitoring and ensuring the safety and security of women employees with Shri A.S.Rao, Shri A. Naresh Kumar and Shri S.N.Rao as members. The members of the Committee shall elect a Chairman from amongst themselves for every meeting of the Committee. The Committee is empowered to take all steps, decisions required in connection with safety and security of women employees and to delegate all or any of the power hereby conferred. The Committee has not met during the year as there were no agenda to be discussed.

E. The Company do not have any holding and subsidiary Company to be reported. The accompanying Financial Statements are on standalone basis.

F. Details of non-compliance by the Company:

There were neither instances of non-compliance by the Company nor penalties, strictures imposed on the Company however for Non-compliance with respect to Non-Appointment Woman director on the Board, National Stock Exchange and Bombay Stock Exchange has levied a collective fine of 26,90,400/- covering upto March 2019 as per Regulation 17 of SEBI (LODR) 2015. The company has made the said compliance on 14th February 2019

and appointed Woman Director on the Board of the company and both the stock exchanges acknowledged the compliance, other than the mentioned fine no penalty or fine levied by any Stock Exchange or Securities and Exchange Board of India or any statutory authority, on any matter related to capital markets, during the last three years.

G. Accounting treatment:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

H. Risk Management :

The Board engaged itself with the task of Risk Management by preparing, implementing and monitoring the risk management plan of the Company. The Board apart from ensuring the effectiveness of risk management covering internal financial risks and controls also reviews the same on regular basis. Major risks identified by the Board are monitored on a regular basis.

The Policy on **"Risk management & minimization procedures"** is available on company's website at www.sathavahana.com

12. MEANS OF COMMUNICATION:

Half yearly and quarterly results are normally published in the newspapers viz., The Financial Express (English daily) and the Andhra Prabha (Telugu daily) or Nava Telangana (Telugu daily) on approval of the financial results by the Board of Directors. The Company immediately after announcement of financial results sends to the Stock Exchanges. Annual reports are also being sent to the Stock Exchanges simultaneously at the time of posting to the members and the same are being made available on the websites of Stock Exchanges where the shares of the Company are listed. The financial results and annual reports would also be made available on Company's website www.sathavahana.com in the investor's column.

Financial results are sent regularly to Stock Exchanges where the shares of Company are listed, financial institutions and banks upon their publication.

Management Discussion and Analysis forms part of the Directors' Report.

13. Insider Trading :

In compliance with the SEBI regulation on prevention of insider trading, the Company has established systems and procedures to regulate and monitor insider trading by designated person and has formulated a code on insider trading for designated persons, who may have access to the Company's price sensitive information. The Code lays down procedures to be followed and disclosures to be made, while trading in the Company's shares.

The Company follows highest standards of transparency and fairness in dealing with all stakeholders and ensures that no insider shall use his or her position with or without knowledge of the Company to gain personal benefit or to provide benefit to any third party.

14. GREEN INITIATIVES BY MCA:

In compliance with the provisions of Section 20 of the Companies Act, 2013 and as a continuing endeavour towards the 'Go Green' initiative, the Company proposes to send all correspondence / communications through email to those shareholders who have registered their email id with their depository participant's / Company's registrar and share transfer agent. In case the shareholders desire to receive a printed copy of such communications, they send a requisition to the Company.

The Company forthwith sends a printed copy of the communication to the shareholder.

15. Additional Disclosures:

The Disclosures of the compliance with Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 are as follows:

Regulation	Particulars of Regulations	Compliance status (Yes/No/NA)
17	Board of Directors	Yes
18	Audit Committee	Yes
19	Nomination and Remuneration Committee	Yes
20	Stakeholders Relationship Committee	Yes
21	Risk Management Committee	NA

22	Vigil mechanism	Yes
23	Related Party Transactions	Yes
24	Corporate Governance requirements with respect to subsidiary of listed entity	NA
25	Obligations with respect to Independent Directors	Yes
26	Obligation with respect to Directors and senior management	Yes
27	Other Corporate Governance requirements	Yes
46(2)(b) to (i)	Website Disclosures	Yes

16. GENERAL SHAREHOLDERS INFORMATION:

a. AGM : 30th Annual General Meeting :

Day and Date : Monday, the 30th September 2019

Time : 3.00 p.m.

Venue : Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad – 500 038

b. Financial Calendar: Tentative schedule is as under.

Un-Audited - First Quarter	On or before 14th Aug 2019
Un-Audited - Second Quarter	On or before 14th Nov 2019
Un-Audited - Third Quarter	On or before 14th Feb 2020
Audited Financial Results / Fourth Quarter	Last week of May 2019

c. Date of Book Closure:

Physical Mode	21.09.2019 to 30.09.2019 (Both Days inclusive)
Electronic mode	21.09.2019
Cut off Date	20.09.2019

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

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

The fee to the above Stock Exchanges has been paid up to financial year 2019-20

e. Market price data: high/low price on BSE and NSE during each month in last financial year 2018-19 :

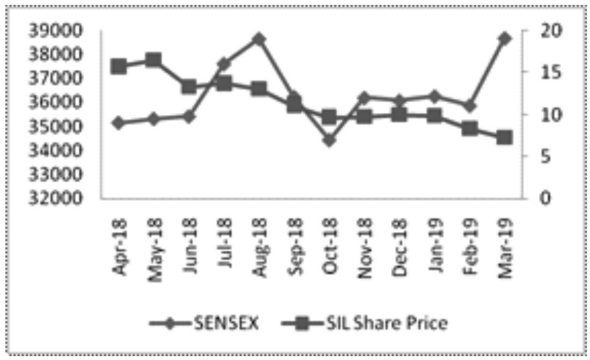
BSE :

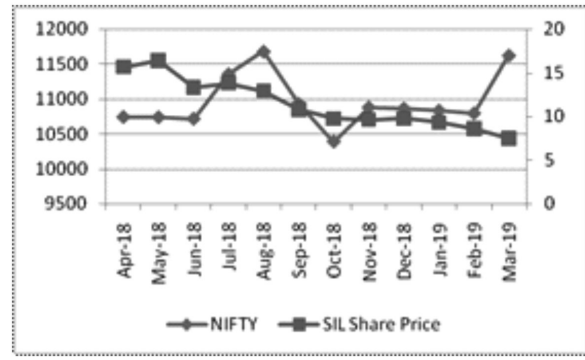
Month	High	Low	Month	High	Low
April	22.2	14.75	October	12.4	9.2
May	19.7	14	November	10.94	9.46
June	17.0	12.25	December	10.95	8.81
July	15.69	12.51	January	10.45	8.79
August	15.63	12.8	February	9.8	7.57
September	15.0	10.6	March	8.5	6.76

NSE :

Month	High	Low	Month	High	Low
April	22.2	14.1	October	12.4	9.3
May	19.55	14.95	November	11.45	9.4
June	16.9	12.3	December	10.95	9.3
July	15.9	12.15	January	11.4	8.5
August	15.65	12.55	February	10	8.0
September	13.75	10.7	March	8.55	7.2

F. Market price (closing) performance in comparison to broad based index (SENSEX) of The BSE Limited, Mumbai (BSE)and of NIFTY of The National Stock Exchange of India Ltd (NSE):





g. Registrar and Transfer Agents: The Company has appointed M/s. XL Softech Systems Limited, who are acting as share transfer agents for physical transfers as well as for electronic transfers effective from 1st April 2006 and their address is as under :

M/s. XL Softech Systems Limited,

#3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD – 500 034

email: xlfield@gmail.com

h. Share transfer system:

The Company's Shares are under compulsory dematerialisation category and transfers in electronic mode are affected on line by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In respect of physical shares received for transfer the share transfer agent normally processes the requests within 10 to 15 days and affects the transfer, if all the papers received were in order. The share transfer agent after affecting the transfer of the shares sends the same immediately.

Distribution of shareholding and shareholding pattern as on 31st March 2019:

No. of shares		No. of Shareholders		Shareholding	
From	To	Nos.	% to total	Nos.	% to total
1	500	13418	80.40	2737093	5.38
501	1000	1598	9.58	1397275	2.75
1001	2000	711	4.26	1123770	2.21
2001	3000	286	1.71	748209	1.47
3001	4000	119	0.71	432205	0.85
4001	5000	147	0.88	698166	1.37
5001	10000	195	1.17	1450023	2.85
10001 and above		219	1.29	42313259	83.13
Total		16688	100	50900000	100

The shareholding pattern as on 31st March 2019

S. No.	Category of Shareholder	Number of shareholders	Total number of shares	Total holding in percentage terms to that of Total equity shares
A	**Shareholding of Promoter and Promoter Group**			
A.1	Indian	8	1,61,25,336	31.68
A.2	Foreign	1	25,20,000	4.95
B	**Public Shareholding**			
B.1	Mutual Funds	4	17,400	0.03
	Financial Institutions/Bank	8	15,500	0.04
	Foreign Institutional investors	2	95,95,596	18.85

B.2	Bodies Corporate	193	15,87,770	3.12
	Individuals	16,253	1,50,83,880	29.63
	Non-Resident Individuals	163	1,67,241	0.33
	Clearing Members	55	210961	0.41
	Foreign Body Corporates	1	55,76,316	10.96
	Grand Total	16,688	5,09,00,000	100.00

i. Dematerialisation of shares:

The Company's shares are in compulsory dematerialisation category w.e.f. 26.02.2001 with ISIN No. INE176C01016. The Company has established electronic connectivity with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through its Depository transfer agents M/s. XL Softech Systems Limited, #3, Sagar Society, Road No.2,Banjara Hills, HYDERABAD – 500 034. So far 48973692 shares constituting 96.21% of paid -up share capital have been converted into fungible form upto 31st March 2019. The Company's Equity Shares are regularly traded in dematerialised form on BSE (Stock Code: 526093) and NSE (stock code: SATHAISPAT).

j. Reconciliation of Share Capital audit:

Reconciliation of Share Capital audit was carried out on quarterly basis by a qualified Practicing Company Secretary to reconcile the Equity Share Capital held in dematerialised form with both Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and in Physical Form. The Share Capital Audit Reports confirm that the number of Equity Shares as per the Issued and Paid-up Equity Share Capital is in agreement with the number of Equity Shares held in aggregate in physical form and dematerialised form with NSDL and CDSL. No Equity Shares were held in any suspense account.

k. Issue of GDRs/ADRs/Warrants:

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments which are outstanding as on March 31, 2019. The Share Warrants issued in the past were fully converted into Equity Shares within the time frame allowed for such conversion.

l. PLANT LOCATIONS:

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

m. Address for correspondence:

Registered Office:

505, 5th Floor, Block - 1,

Divyashakti Complex, Ameerpet,

Hyderabad - 500 016 Telangana

n. Company's Corporate Identity Number (CIN):

L27109TG1989PLC010654

The Report on Corporate Governance and accompanying Management Discussion and Analysis is prepared in compliance with requirements of Listing Regulations 2015 and forms part of Directors' Report and as such is to be read in conjunction with the Directors' Report.

for and on behalf of the Board

(K. Thanu Pillai)
Chairman
(DIN: 00123920)

Place: Hyderabad
Date: 14.08.2019

MANAGEMENT DISCUSSION AND ANALYSIS

1. INDUSTRY STRUCTURE AND DEVELOPMENTS :

The Company is engaged in the manufacture and sale of Pig Iron; Ductile Iron Pipes and Metallurgical Coke - an input material for Pig Iron, thus operates in the iron and steel industry, which is considered as core sector.

The Company is also into Power generation. The Company is using Mini Blast Furnace Technology. The Company operates Blast Furnace with technology sourced from Sino-Steel for Pig Iron making. The Company uses the Anshan technology, sourced from P.R.China for Metallurgical Coke making. The technology for Ductile Iron Pipe making was sourced from Chinese Academy of Agriculture Mechanisation Sciences (CAAMS), China. Pig Iron is of two grades – basic grade and foundry grade. Basic grade is used in the manufacture of Steel and whereas foundry grade is used for making castings. Basic grade is produced mainly by the Integrated Steel Plants (ISPs) for captive consumption in the manufacture of steel and exports. Part of the production is also diverted to the domestic market. Foundry grade is mainly used for castings and is produced by the Mini Blast Furnace units. The Company is into Pig Iron manufacture since inception. A major portion of Pig Iron manufactured is captively consumed in the manufacture of Ductile Iron Pipes.

The Indian steel industry, on the path of consolidation and recovery, is amongst the bright spots for the world's steel industry. India's crude steel production increased ~5% to 106.5 Mt in 2018 from 101.4 Mt in 2017 [During April - January 2018-19 (prov.), crude steel production was 88.237 Mt, a growth of 3.7% over same period of last year]. The growth in steel production is supported by a fast-growing steel demand

2. ECONOMIC REVIEW:

The Indian economy started FY 2018-19 with a healthy growth in the first quarter on the back of domestic resilience. Growth eased in the subsequent quarters due to slowing global growth prospects, expectations of tightening of monetary policy in advanced economies, externalities from trade disputes, and investment rerouting. The Indian rupee has suffered some volatility in trading on the back of crude price fluctuations and some volatility in investment flows. India, as a major Pig Iron (PI) manufacturer and exporter in the world, registered a marginal dip in PI output during FY 2018-19. Domestic realisations in the PI business remained more attractive largely throughout the year, though PI exports were a meagre 0.22 Mt. The Ductile Iron (DI) pipe industry also clocked higher volumes and prices; although some orders were delayed. The Government's focussed investments in infrastructure and construction sectors led by the "Make in India" initiative and the recovery of the Steel industry, continues to drive demand.

The medium to long term outlook in the DI pipe business is also encouraging with major water, sanitation & irrigation projects in various States being finalised and awarded to contracting companies coupled with the Government's focus on projects like "AMRUT" (Atal Mission for Rejuvenation & Urban Transformation) and Lift irrigation projects.

The demand for DI pipe is expected to grow with the Government's continued focus on water, sanitation and irrigation schemes in various states and with the development of smart cities. While global growth is expected to be around ~3% in the sector next year, Indian demand growth is expected to perform better. Threats to continuing growth arises from the fact that the Indian economy cannot remain isolated from the global changes, especially actions by countries like US and China. Growing protectionist measures and geopolitical tensions can adversely impact the world economy including India.

3. OPPORTUNITIES, THREATS, RISKS AND CONCERNS:

Pig Iron, a major product of the Company, is primarily used for manufacturing a variety of grey iron and ductile iron castings by foundries for a host of industries like automotive, agriculture, pump, valve, compressor, railways, defence, wind mills, heavy machinery etc. Besides this, the Company also manufactures basic grade PI in small quantities which is consumed by secondary steel makers. Both these industries - casting as well as steel, are expected to grow at good pace in the coming financial year, driven by Government of India initiatives and positive industrial growth.

Being in the intermediate stage in the industry there is an opportunity for both backward integration and forward integration. The Company has set up a Coke Oven facility with Co-generation of Power at a Greenfield site–as a first phase of backward integration. The Company has also set up Sinter Plant as a backward integration and Ductile Iron Pipe plant as forward integration at its Pig Iron making plant.

Company sources Coking Coal, a key input material, by importing from outside India and thus suffers from import constraints. However, the Company has identified reliable suppliers, which minimises the import constraints. The Company has set up a Metallurgical Coke making facility with latest technology at a Greenfield project site to minimize the impact of import of Metallurgical Coke.

As the customs duties on Pig Iron imports are lowered from time to time there is an import threat to that extent. However, given the importers' profile of Pig Iron who are mainly foundries and are in an unorganised sector, the import threat is minimal. Moreover, with the surge in global demand for Iron and Steel and increase in raw material prices, the availability of Iron and Steel at competitive price is remote. Negligible imports during the last couple of years are an ample indication

of zero risk of the threat. Moreover, the forward integration into Ductile Iron Pipe making would further minimise such threat.

Threats to continuing growth arises from the fact that the Indian economy cannot remain isolated from the global changes, especially actions by countries like US and China. Growing protectionist measures and geopolitical tensions can adversely impact the world economy including India.

Global slowdown in the steel industry may lead to lower exports of Pig Iron and therefore result in surplus availability in the domestic market. Further, with expansion of large integrated steel plants, there could be a mismatch between iron making and steel making capacities especially during the commissioning and ramp-up period resulting in surplus of PI. Activation of these factors may put pressure on the Pig Iron prices and impact margins. Similarly, global coal/ coke prices have shown increased volatility in the last three years and are still vulnerable to changes driven by the Chinese steel industry or supply conditions in Australia.

The Company's business is mainly commodity business. The financial health of the unit will be affected by adverse changes in the industry and commodity markets. Company implemented facilities involving both forward integration and backward integration and thus the risk would be minimized.

4. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

The Company's business comprises manufacture and sale of Pig Iron and Ductile Iron Pipes as one segment called Ferrous Products and manufacture of Metallurgical Coke with Co-generation Power as the other segment. The operations of the Company during the year under review were adversely impacted due to working capital constraints and consequent stress in the financial resources. Metallurgical Coke including Coke Fines production was at 301265 MTs (including job work of 114641 MTs) as against 196313 MTs in the previous year. Out of the total production, 11908 MTs was captively consumed as against 1106 MTs in the previous year. The Company sold 168751 MTs of Metallurgical Coke and Coke Fines as against 32309 MTs in the last year in the nearby markets. The gross sales revenues of products and services in value terms were ₹4985369053/- as compared to ₹2487308166/- in the last year.

5. OUTLOOK:

The overall outlook for Pig Iron and DI pipes, is expected to be challenging in FY 2019-20. The demand for DI Pipes in Q1 FY 2019-20 is likely to be muted owing to seasonal factors combined with the national and state elections. The overall outlook for Pig Iron market in FY 2019-20 may not be very encouraging due to slow down in automobile sector and oversupply in domestic market due to sluggish global Pig Iron market.

The challenges on the bank loans to industry and increased non-performing assets with Banks, high interest costs, and volatile price trends are of concern in the growth of the industry. Your Company after creating a value chain has been suffering from working capital constraints which led to severe financial stress. To overcome from the financial stress, your Company has approached the secured lenders to restructure the debt which under active consideration of the banks. The management is hopeful on restructuring of loans by the banks. Your Company on 2nd August 2019 has entered into "OPERATION, MAINTANANCE & MANAGEMENT AGREEMENT" with JINDAL SAW Ltd. JINDAL SAW LIMITED has agreed to operate, maintain and manage the manufacturing facilities of SATHAVAHANA ISPAT LIMITED for a period of 3 years which may be extended for a maximum period of 10 years subject to certain conditions as provided in the Agreement. Under the above Agreement, JINDAL SAW LIMITED shall manufacture and sell the products, namely, ductile iron pipes, pig iron and coke and all other related items under its brand name during the term of the Agreement in consideration of the rentals as defined in the above Agreement. This arrangement will be effective upon sanction of the restructuring proposal by the banks.

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate Internal Control Systems commensurate with the size and nature of its business. Internal Control Systems are supplemented by internal audits carried out regularly by outside independent qualified auditors. The Audit Committee interacts with the statutory and internal auditors. The Management also regularly reviews the operational efficiencies, utilisation of fiscal resources and compliance with laws so as to ensure optimum utilisation of resources, achieve better efficiencies and comply with the laws of land.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The Financial Statements for the year under review have been prepared on a going concern basis and in compliance with provisions of the Companies Act 2013 and by following the generally accepted accounting principles in India and the applicable mandatory Ind AS Accounting Standards notified by the Government under section 133 of the Companies which the Company adopted being first time adoption with transition dated 01st April 2016. The operational performance vis-à-vis financial performance is as under:

PARAMETER	FY 2018-19		FY 2017-18		Growth/Reduction	
	Quantity	Value Rs.Cr	Quantity	Value Rs.Cr	Quantity	Value
Metallurgical Coke						
Production(mt)*	301265		196313		53.46	
Captive use(mt)	11908		11061		0.76	
Sales(mt)	168751	466.93	32309	80.62	422.3	479.17
Power						
Generation(mu)	70.226		29.064		141.62	
Captive use (mu)	20.957		8.394		149.66	
Sales(mu)	50.085	15.01	22.683	6.06	122.42	147.69
others*		16.6		162.05		-89.76
Gross Sales		498.54		248.73		
Less:Excise Duty		0.00		4.94		-4.94
Net Sales		498.54		243.79		104.49

*Includes Jobwork of 115045 MTs (Previous year 143454 MTs) value ₹7.48 crores (previous year Rs. 9.32 Crores).

Note: Product description includes by-products in the form of scrap and fines.

The operational performance during the year across all segments is lower due to lower volumes which in turn were impacted due to working capital constraints. Metallurgical Coke production was at 301265 MTs (including Job work of 114641 MTs) as against 196313 MTs including job work of 145418 MTs in the previous year. The captive consumption of Metallurgical Coke was at 11908 MTs as against 11061 MTs in the year before. The sale of Metallurgical Coke consequently was at 168751 MTs as compared with 32309 MTs in the previous year. The Co-generation Power has gone up from 29063560 KWH to 70226471 KWH.

On the back of these adverse conditions the Company recorded gross sales of 4985369053/- as compared with 2487308166/- in the last year.

On the financial performance front the operating profit before finance costs and depreciation and amortization was at ₹238336422/- as against operating loss of ₹ 1152735074/- in the last year. The year ended with loss before and after tax of 2277776344/- as compared with a loss before and after tax of ₹ 3063643139/- in the year before. The performance during the year in line with operational performance impacted mainly due to working capital constraints.

8. Human Resources and Industrial Relations:

Employees are the valuable assets and the strength of an organisation in its growth, prosperity and development. Your Company has a team of qualified and dedicated personnel who have contributed to the growth and progress of the Company.

The employees are imparted training on site and are encouraged to participate in the decision-making process.

The management acknowledges the contributions made by each employee at all levels and records its appreciation for the co-operation extended, but for which the present growth would not have been possible. The employee strength of the Company is 468 persons excluding working Directors as on 31st March 2019.

The substantial decrease in employee count compared to previous year is due to shut down of one of the Company's plant.

9. Statutory Compliance:

The Managing Director, after obtaining confirmation from all the departments of the Company, makes a periodic declaration regarding the compliance with the provisions of various statutes, applicable to the Company.

The Company Secretary, being the Compliance Officer, ensures compliance with the relevant provisions of the Companies Act, 2013 and Listing Regulations.

10. CAUTIONARY STATEMENT:

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

Annexure-A

Chief Executive Officer (CEO) / Chief Financial Officer (CFO) certification

We, **Naresh Kumar Adusumilli,** Managing Director and **V.S.R.K.Hanuman,** Chief Financial Officer of Sathavahana Ispat Limited, to the best of our knowledge and belief hereby certify that:

A. We have reviewed financial statements and the cash flow statement for the year ended 31st March 2019 and that to the best of our knowledge and belief:

   (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (2) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee

   (1) significant changes in internal control over financial reporting during the year;

   (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Yours faithfully,

Place: Hyderabad
Date: 21.05.2019

(A. Naresh Kumar)
Managing Director

(VSRK Hanuman)
Chief Financial Officer

Annexure - B

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,

The Members of

SATHAVAHANA ISPAT LTD

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **SATHAVAHANA ISPAT LTD** having CIN:L27109TG1989PLC010654 and having registered office at Flat 505, 5th Floor, Block-1, Divyashakti Complex Ameerpet Hyderabad Telangana - 500 016 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2019 have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr.No.	Name of Director	DIN	Date of Appointment in Company
1	Mr. Thanu Kolappa Pillai	00123920	29/01/1999
2	Mr. Srinivas Narayana Rao	00116021	01/02/1999
3	Mr. Syed Anis Hussain	00115949	30/09/2006
4	Mr. Naresh Kumar Adusumilli	00112566	01/06/2009
5	Mr. Sivaji Rao Adusumilli	00899415	27/07/2015
6	Mrs. Latha Pamula	08358726	14/02/2019
7	Mr. Yeda Kiran Kumar	08068075	01/04/2019
8	Mr. Ramana Kumar Davuluri	01713259	20/04/2019

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For D.HANUMANTA RAJU & CO
COMPANY SECRETARIES

CS SHAIK RAZIA
PARTNER
FCS: 7122, CP NO: 7824

Place: Hyderabad
Date:14.08.2019

Independent Auditors' Certificate on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

To the Members of

SATHAVAHANA ISPAT LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated October 01, 2018

2. This report contains details of compliance of conditions of Corporate Governance by Sathavahana Ispat Limited ('the Company'), for the year ended on March 31, 2019, as stipulated in Regulations 17 to 27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"), pursuant to listing agreement with Stock exchanges.

Management's Responsibility

3. The compliance with the conditions of Corporate Governance is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

Auditor's Responsibility

4. Our responsibility was limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. Pursuant to the requirements of the SEBI Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in SEBI Listing Regulations for the year ended March 31, 2019.

6. We conducted our examination in accordance with the Guidance Note on Certificates for Special purposes, Guidance note on Certificate of Corporate Governance, both issued by the Institute of the Chartered Accountants of India (the "ICAI") and the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate. The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. In our opinion, and to the best of our information and according to explanations given to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI Listing Regulations.

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

Emphasis of Matter

10. We draw attention to the fact that there is an intermittent vacancy of women director with effect from November 20, 2017. The vacancy not filled up within the prescribed time. However, woman director was appointed on February 14, 2019.

Restriction on Use

11. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the SEBI Listing Regulations, and it should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For MAJETI & CO
Chartered Accountants
Firm Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership No.: 220354
UDIN: 19220354AAAAAU5785

Place: Hyderabad
Date: August 14, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of
SATHAVAHANA ISPAT LIMITED

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of **SATHAVAHANA ISPAT LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31,2019,and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion section below, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

i. Note no. 36 to the Ind AS financial statements, where in management has considered outstanding trade receivables, Supplier advances, capital advances and other financial assets of Rs.44,27,13,012/-, Rs.4,40,12,281/-, Rs 2,15,30,656/- and 3,21,56,145/- respectively for period more than one-year as good and fully recoverable as at the balance sheet date. For reasons stated in the aforesaid note, and due to confirmations being not available and pending reconciliation adjustments we are unable to comment on the recoverability of these receivables, advances and its consequential effect on these financial statements.

   This matter was also qualified in our report on the financial statements for the year ended March 31, 2018.

ii. Substantial amount of statutory dues related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, amounting to Rs. 4,90,45,618/- have become overdue and remain unpaid, interest, penalty if any in respect of the same has remained unascertained and unaccounted for.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion on the financial statements.

Material uncertainty related to Going Concern

We draw attention to Note 33 to the financial statements, which indicates that the Company has incurred a net loss of Rs. 227,77,76,344/- during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by Rs. 1023,26,97,002/-. These events or conditions, along with other matters as set forth in Note 33, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the IND AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Emphasis of Matters

i. We draw attention to Note no 38 included in Ind AS financial statements, wherein the company had accounted Rs. 29,83,97,641/- as inventory loss identified based on the physical verification process during the year end. Management identified the physical inventory loss due to the reasons in the aforesaid note.

   Our opinion is not modified in respect of this matter.

ii. We draw attention to Note no 13 (1) of Ind AS financial statements included in Statement of Financial Results, where in company choose to classify the term loans as long term and short term in accordance with the existing loan covenants until the revised restructure payment schedule finalised by consortium bankers as mentioned in note no 33.

   Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report.

Sr.No.	Key Audit Matter	Auditor's Response
1	**Impairment of Plant and Equipment:** Refer to note no 33 of the IND AS financial statements, Company operations at ferrous division have been impacted and the plant was under shut down since 12th June 2017. The operations of Metallurgical Coke facility and power generation is also partially operated. The company has plant and machinery with net book value of Rs.5,93,73,76,909/- as at March 31, 2019. (Refer note no: 3 of the IND AS financial statements) With challenging financial conditions continuing, the Company's performance and prospects could be impacted increasing the risk that Plant and Equipment may impaired. For the Cash generating units that contain Financial constraints, the determination of recoverable amount, being the higher of fair value less costs to sell and value-in-use. (Impairment of Assets(Ind AS) 36). • Management obtained the Valuation certificates from two independent registered valuers. And, • Management also carried out Techno economic Viability study of entire plant by appointing Independent technical experts. The study would be assessing the techno economic viability of the Project through a detailed techno financial analysis of the venture and evaluation of the constraints and future potential of the unit and assessing the technical, commercial and financial viability study of the proposed Debt Restructuring proposal of the company. Based on the above procedures' management concluded no impairment of plant and machinery required. These conclusions are dependent upon significant management judgements, in respect of: – Estimated resale values, provided by an independent external valuer; and – Estimated discount rates applied to future cash flows and on timing and approval of future capital by lenders.	**Principal audit procedures performed:** Our procedures included discussion with management and those charged with governance on the reasonableness of the assumptions, along with performing the following procedures: • Reviewed the Techno economic Viability study report performed by the management expert appointed by the company's management and also reviewed the assumptions carried out in preparation of cash flow projections prepared and sensitive analysis for changes in assumptions used in cash flows . • Verified the Valuation certificates obtained by the company from two independent registered valuers for the entire Plant and machinery of the company. • We further challenged management regarding the appropriateness of the judgments/ assumptions w.r.t to timing of cash flows and discount rate applied.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report including the annexures to directors' report, Corporate governance and Management Discussion and analysis (MD & A) but does not include the financial statements and our auditor's report thereon. The Directors report including the annexures to directors' report, Corporate governance and Management Discussion and analysis (MD & A) report is expected to be made available to us after the date of this auditor's report.
- Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- When we read the Directors report including the annexures to directors report, Corporate governance and Management Discussion and analysis (MD & A), if we conclude that there is a material misstatement therein, we are required to

communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information'.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive Loss, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

- Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a. We have sought and except for the matter described in the Basis for Qualified Opinion section above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law have been kept by the Company.

   c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d. Except for the possible effects of the matters described in the Basis for Qualified Opinion section above, in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e. The matters described in the Basis for Qualified Opinion section above and Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.

   f. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   g. The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion section above.

   h. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses qualified on the operating effectiveness of the Company's internal financial controls over financial reporting for the reasons stated therein.

   i. 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note No 29 to the financial statements)

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For MAJETI & CO
Chartered Accountants
Firm Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership No.: 220354

Place: Hyderabad
Date: May 30, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of SATHAVAHANA ISPAT LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at March 31, 2019:

a. Refer note no 36 of the financial statements, in respect of long outstanding overdue trade receivables and advances,

whereby evidences of control over monitoring /assessing recoverability of such over dues, including assessment of provision of provision for doubtful trade receivables and advances were not operating effectively. This could potentially result in the company not recognising a provision for doubtful/old overdue trade receivables.

b. The Company's internal financial controls over monitoring the Physical Inventories located at Factory and third-party locations are not operating effectively, which could potentially result in loss of inventory which may not be timely detected and may lead to material misstatements in the Company's financial statements.

c. The Company's internal financial controls over updating the customers /vendors master data with present addresses were not operating effectively.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2019, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India", and except for the possible effects of the material weaknesses described in Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2019.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company for the year ended March 31, 2019, and these material weaknesses do not affect our opinion on the said standalone Ind AS financial statements of the Company.

For MAJETI & CO
Chartered Accountants
Firm Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership No.: 220354

Place: Hyderabad
Date: May 30, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items on rotation basis which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, as disclosed in Note 3 on Property, Plant and Equipment to the financial statements, are held in the name of the Company.

ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year, except ores, coal & Coke which will be carried out only at year end. We were informed that physical verification of the same was difficult due to its volume and loose nature. In respect of inventory lying with third parties, these have been confirmed by them except for Rs 5,22,43,383/- for which we performed alternative testing procedures on sample basis by verifying subsequent good received notes. Discrepancies amounting to Rs. 29,83,97,641/-, noticed on physical verification of inventory by Management, as compared to book records were material and have been appropriately dealt with in the books of accounts. (Refer note 38 to the financial statements).

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv The Company has not granted any loans or made any investments or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products.We have broadly reviewed the same, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the 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, in our opinion, the Company is not regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, Goods and Services Tax and cess and other material statutory dues, as applicable with the appropriate authorities. The extent of the arrears of statutory dues outstanding as at March 31,2019 are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which it relates	Due date	Date of Payment
Income Tax Act, 1961	Tax Deducted at source	2,45,13,389	April 2018 to March 2019	on 7th day of next month	Not Yet Paid
Income Tax Act, 1961	Tax Collected at source	43,99,806	July 2017 to March 2019	on 7th day of next month	Not Yet Paid
Employees' Provident Funds & Miscellaneous Provisions Act, 1952	Provident Fund	1,61,18,130	September 2017 to March 2019	on 15th of next month	Not Yet Paid
Employee state Insurance Act	Employees State Insurance	24,85,163	April 2018 to March 2019	on 15th of next month	Not Yet Paid
Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987	Professional Tax	9,74,880	July 2017 to March 2019	on 10th of next Month	Not Yet Paid
Karnataka Tax on Professions, Trades, Callings and Employments Act, 1976	Professional Tax	3,93,800	July 2017 to March 2019	on 10th of next Month	Not Yet Paid
Telangana Tax on Profession, Trades, Callings and Employment Act, 1987	Professional Tax	1,60,450	July 2017 to March 2019	on 10th of next Month	Not Yet Paid

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of service-tax, value added tax which have not been deposited on account of any dispute. The particulars of dues of

income tax, sales tax, duty of excise, duty of customs, as at March 31, 2019 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax, 1956	Sales Tax	23,29,595	2005-06	Sales Tax Appellate Tribunal, Hyderabad
Income Tax Act, 1961	Interest on Dividend Distribution Tax	13,79,100	2009-10	Deputy Commissioner of Income Tax, Hyderabad
Central Excise Act, 1944	Excise duty and penalty	2,53,99,502	September 2011-March 2015	The commissioner of central excise and customs, Belgaum
Customs Act, 1962	Customs duty and penalty	10,47,95,907	2012-13	The Customs, Excise and Service Tax Appellate Tribunal, Hyderabad
Andhra Pradesh Value Added tax Act, 2005	Penalty on Late Payment	4,47,276	March 2017 to May 2017	High court of Andhra Pradesh, Amaravati
Central Sales Tax, 1956	Penalty on Late Payment	20,04,728	March 2017 to May 2017	High court of Andhra Pradesh, Amaravati
Central Sales Tax, 1956	Non-submission of C-Forms	52,82,708	2014-15 to 2015-16	Appeal Pending Before H'ble App. Dep. Commissioner (CT) , Tirupathi
Andhra Pradesh Tax on Entry of Goods into Local Areas Act, 2001	Dues of Entry Tax	4,46,229	2014-15 to 2016-17	Appeal Pending Before H'ble App. Dep. Commissioner (CT) , Tirupathi
The Karnataka Value Added Tax Act, 2003	Excess availment of Input tax credit	6,48,501	2012-13	Appeal Pending before JCCT/Davangere
Central Sales Tax, 1956	Non- submission of C-Forms	3,88,623	2011-12	Commercial Taxes Officer- Enforcement, Bellary
The Karnataka Value Added Tax Act, 2003	Excess availment of Input tax credit	24,11,901	2011-12	Appeal Pending before JCCT/Davangere

viii. According to the records of the Company examined by us and the information and explanations given to us, The Company has delayed in repayment of principle and interest as mentioned below for the period from March 2017 to March 2019 aggregating Rs. 293,32,64,028/-

Term Loans (Refer note 13 to the financial statements)	Nature of dues	Amount of default (Rs.)	Period of default and remains unpaid as at balance sheet date
From Banks			
Canara Bank	Principal	50,92,03,487	59-730 Days
Canara Bank	Interest	35,89,14,468	59-789 Days
State Bank of India	Principal	42,94,96,471	1-731 Days
State Bank of India	Interest	28,74,02,974	1-730 Days
Andhra Bank	Principal	36,26,43,795	1-731 Days
Andhra Bank	Interest	27,44,50,435	1-730 Days
From Financial Institutions			
Industrial Finance Corporation of India	Principal	42,33,68,877	60-700 Days
Industrial Finance Corporation of India	Interest	28,77,83,521	60-700 Days

Working capital Borrowings (Refer note 13 to the financial statements)	Fund based limit (Sanctioned) (Rs.)	Balance outstanding as at March 31, 2019 (Rs.)	Overdrawn balance* (Rs.)
From Canara Bank	26,40,00,000	267,21,11,970	240,81,11,970
From State Bank of India	40,20,00,000	205,01,79,673	164,81,79,673
From Andhra Bank	26,40,00,000	216,86,20,619	190,46,20,619
Total	93,00,00,000	6,89,09,12,263	596,09,12,263

*Overdrawn balance mainly on account of devolvement of letters of credit and interest accrued there on.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (IND AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For MAJETI & CO
Chartered Accountants
Firm Registration Number: 015975S

Kiran Kumar Majeti
Partner
Membership No.: 220354

Place: Hyderabad
Date: May 30, 2019

BALANCE SHEET AS AT MARCH 31,2019

(Amounts in ₹)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
I Non-current assets			
(a) Property, plant and equipment	3	**7,311,946,253**	7,782,885,585
(b) Capital work-in-progress	3	**332,970,437**	307,399,190
(c) Intangible assets	4	**-**	62,140
(d) Financial assets			
(i) Investments	5	**1,865,980**	2,024,545
(ii) Other financial assets	6	**65,193,437**	64,259,086
(e) Other non-current assets	7(i)	**72,722,346**	75,038,651
Total Non-current assets		**7,784,698,453**	8,231,669,197
II Current assets			
(a) Inventories	8	**812,118,696**	703,356,861
(b) Financial assets			
(i) Trade receivables	9	**725,112,828**	704,181,181
(ii) Cash and cash equivalents	10	**64,076,201**	108,571,697
(iii) Bank balances other than (ii) above	11	**6,385,615**	172,529,380
(c) Other current assets	7(ii)	**200,855,164**	224,491,180
Total Current assets		**1,808,548,504**	1,913,130,299
TOTAL ASSETS		**9,593,246,957**	10,144,799,496
EQUITY AND LIABILITIES			
III Equity			
(a) Equity share capital	12	**509,000,000**	509,000,000
(b) Other equity		**(4,262,341,862)**	(1,993,187,179)
Total Equity		**(3,753,341,862)**	(1,484,187,179)
IV Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13(i)	**1,266,236,131**	2,055,723,445
(b) Provisions	14(i)	**39,107,182**	50,713,488
Total Non- current liabilities		**1,305,343,313**	2,106,436,933
V Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13(ii)	**6,890,912,263**	6,059,784,958
(ii) Trade payables:			
- dues to micro and small enterprises (Refer note- 30)		**-**	-
- dues to others		**895,594,049**	673,779,585
(iii) Other financial liabilities	15	**4,170,635,259**	2,678,583,344
(b) Other current liabilities	16	**75,468,170**	98,850,936
(c) Provisions	14(ii)	**8,635,765**	11,550,919
Total current liabilities		**12,041,245,506**	9,522,549,742
Total liabilities		**13,346,588,819**	11,628,986,675
TOTAL EQUITY AND LIABILITIES		**9,593,246,957**	10,144,799,496

The accompanying notes are an integral part of the financial statements

As per our report of even date

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Place : Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors

K. Thanu Pillai
Chairman
DIN: 00123920

A.S. Rao
Executive Vice Chairman
DIN: 00899415

V.S.R.K. Hanuman
Chief Financial Officer

A. Naresh Kumar
Managing Director
DIN: 00112566

A. Sainath
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

(Amounts in ₹)

	Particulars	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
I	Revenue from operations	17	**4,985,369,053**	2,487,308,166
II	Other income	18	**81,787,127**	81,086,816
III	**Total Income (I+II)**		**5,067,156,180**	2,568,394,982
IV	**Expenses**			
	(a) Cost of raw materials consumed	19	**4,480,058,769**	1,401,266,923
	(b) Purchase of stock in trade		**-**	50,260,050
	(c) Changes in inventories of finished goods, work-in-progress and scrap	20	**(240,442,382)**	1,031,626,183
	(d) Excise duty		**-**	49,434,216
	(e) Employee benefits expense	21	**260,802,968**	311,269,760
	(f) Finance costs	22	**1,743,849,722**	1,405,597,605
	(g) Depreciation and amortization expense	23	**473,865,403**	505,310,460
	(h) Other expenses	24	**328,400,403**	877,272,924
	Total Expenses (IV)		**7,046,534,883**	5,632,038,121
V	**Loss before exceptional items and tax (III-IV)**		**(197,93,78,703)**	(306,36,43,139)
VI	**Exceptional item**	38	**298,397,641**	-
VII	**Loss before tax (V-VI)**		**(227,77,76,344)**	(306,36,43,139)
VIII	**Tax expense**			
	(a) Current tax	25	**-**	-
	(b) Deferred tax	25	**-**	-
	Total tax expense (VIII)		**-**	-
IX	**Loss for the year (VII-VIII)**		**(227,77,76,344)**	(306,36,43,139)
X	**Other Comprehensive Income**			
	(A) Items that will not be reclassified to profit or loss			
	- Remeasurements of defined benefit plan		**8,621,661**	12,982,864
	Income tax relating to above		**-**	-
	Other Comprehensive Income for the year (X)		**8,621,661**	12,982,864
XI	**Total Comprehensive Income for the year (IX+X)**		**(2,269,154,683)**	(3,050,660,275)
XII	**Loss per share (Par value of Rs.10 each)**			
	- Basic and Diluted	34	**(44.75)**	(60.19)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Place : Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors

K. Thanu Pillai
Chairman
DIN: 00123920

A.S. Rao
Executive Vice Chairman
DIN: 00899415

V.S.R.K. Hanuman
Chief Financial Officer

A. Naresh Kumar
Managing Director
DIN: 00112566

A. Sainath
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

(Amounts in ₹)

a. Equity share capital

Equity shares of Rs.10/- each issued, subscribed and fully paid up.	Number of Shares	Amount
As at April 01, 2017	50,900,000	509,000,000
Changes in equity share capital	-	-
As at March 31, 2018	50,900,000	509,000,000
Changes in equity share capital	-	-
As at March 31, 2019	**50,900,000**	**509,000,000**

b. Other Equity

Particulars	Reserves & surplus				Items of other Comprehensive Income	Total Other Equity
	Capital Reserve	Securities Premium	General reserve	Retained earnings		
Balance as at April 1,2017	63,000	930,000,000	1,002,000,000	(880,239,961)	5,650,057	1,057,473,096
Loss for the year	-	-	-	(3,063,643,139)	-	(3,063,643,139)
- Remeasurements of defined benefit plan obligations, net of income tax	-	-	-	-	12,982,864	12,982,864
Total comprehensive income for the year	-	-	-	(3,063,643,139)	12,982,864	(3,050,660,275)
Balance as at March 31, 2018	63,000	930,000,000	1,002,000,000	(3,943,883,100)	18,632,921	(1,993,187,179)
Balance as at April 1, 2018	63,000	930,000,000	1,002,000,000	(3,943,883,100)	18,632,921	(1,993,187,179)
Loss for the year	-	-	-	(2,277,776,344)	-	(2,277,776,344)
- Remeasurements of defined benefit plan obligations, net of income tax	-	-	-	-	8,621,661	8,621,661
Total comprehensive income for the year	-	-	-	(2,277,776,344)	8,621,661	(2,269,154,683)
Balance as at March 31, 2019	63,000	930,000,000	1,002,000,000	(6,221,659,444)	27,254,582	(4,262,341,862)

The accompanying notes are an integral part of the financial statements

Nature and purpose of reserves

Capital Reserve:

This reserve represents share application money received from allottees and forfeiture due to non payment with in due date as per terms of issue.

Securities premium reserve:

This reserve represents the premium on issue of equity shares and can be utilised in accordance with the provisions of the Companies Act, 2013

General Reserve:

General reserve is used for strengthening the financial position and meeting future contingencies and losses and in accordance with the provisions of the Companies Act, 2013

Retained Earnings:

Retained earnings represents the cumulative profits/losses of the Company and effects of remeasurement of defined benefit plan obligations. It includes land revaluation amount of Rs. 55,35,92,679/- on transition date (i.e. April 01, 2016) which will not be available for declaration of dividend as per Companies (Declaration and payment of Dividend) Rules, 2014.

As per our report of even date

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Place : Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors

K. Thanu Pillai
Chairman
DIN: 00123920

A.S. Rao
Executive Vice Chairman
DIN: 00899415

V.S.R.K. Hanuman
Chief Financial Officer

A. Naresh Kumar
Managing Director
DIN: 00112566

A. Sainath
Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(Amounts in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flow from operating activities:		
Profit/(Loss) before tax	**(2,277,776,344)**	(3,063,643,139)
Adjustments for:		
Depreciation and amortisation expense	**473,865,403**	505,310,460
Unrealised foreign exchange (gain)/loss (net)	**740,665**	62,603
Interest income from financial assets at amortised cost	**(45,870,931)**	(36,804,708)
Dividend income classified as investing activities	**-**	(5,148)
Finance cost	**1,743,849,722**	1,405,597,605
Other Comprehensive Income	**8,621,661**	12,982,864
Net (gain)/loss arising on investments mandatorily measured at Fair value through profit and loss	**158,565**	59,878
(Gain)/ Loss on sale of investments	**-**	(56,045)
Credit balances written back	**(23,631,605)**	(13,360,759)
Bad debts written off	**4,002,000**	157,123,644
Advances written off	**-**	179,064,913
Exceptional item	**298,397,641**	-
Deposits written off	**18,506,265**	-
Provision for doubtful deposits no longer required written back	**(18,506,265)**	-
Provision for doubtful advances no longer required written back	**-**	(25,000,000)
Provision for doubtful trade receivables, advances and deposits	**-**	116,306,575
Operating Profit/ (Loss) before working capital changes	**182,356,777**	(762,361,257)
Adjustments for:		
Trade receivables and other assets	**(3,412,938)**	258,931,095
Inventories	**(407,159,476)**	1,494,033,237
Trade payables, other liabilities and provisions	**267,007,279**	(4,071,036,970)
Cash generated from operating activities	**38,791,643**	(3,080,433,895)
Income tax paid	**6,105,752**	1,051,626
Net cash inflow / (outflow) from operating activities	**32,685,891**	(3,079,382,269)
Cash flows from investing activities:		
Purchase of property, plant and equipment, Intangibles and capital work-in-progress	**(24,430,321)**	(45,119,127)
Proceeds from sale of long-term non-trade investments	**-**	6,255,924
Redemption/ maturity of bank deposits (Original maturity of more than 3 months)	**-**	697,940,089
Foreclosure of margin money deposits by State bank of India	**161,553,299**	-
Interest received	**48,257,637**	53,430,619
Dividend received	**-**	5,148
Net cash inflow from investing activities	**185,380,615**	712,512,653

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

(Amounts in ₹)

Particulars	**For the year ended March 31, 2019**	For the year ended March 31, 2018
Cash flows from financing activities:		
Proceeds/(repayment) of long-term borrowings (net)	**(244,825)**	(69,573,159)
Proceeds/(repayment) of short-term borrowings (net)	**831,127,305**	3,064,562,799
Finance costs (Charged to Cash credit accounts)	**(1,041,998,622)**	(512,855,061)
Finance costs paid	**(51,445,860)**	(15,544,222)
Net cash (outflow) / inflow from financing activities	**(262,562,002)**	2,466,590,357
Net (decrease)/ increase in cash and cash equivalents	**(44,495,496)**	99,720,741
Cash and cash equivalents at the beginning of the year	**108,571,697**	8,850,956
Cash and cash equivalents at the end of the year	**64,076,201**	108,571,697

Notes:

1. The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7)-"Statement of Cash Flows".
2. Previous year figures have been regrouped /reclassified to conform to current year classification.
3. Taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.

The accompanying notes are an integral part of the financial statements

As per our report of even date

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Place : Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors

K. Thanu Pillai
Chairman
DIN: 00123920

A.S. Rao
Executive Vice Chairman
DIN: 00899415

V.S.R.K. Hanuman
Chief Financial Officer

A. Naresh Kumar
Managing Director
DIN: 00112566

A. Sainath
Company Secretary

Notes to Financial Statements

1. Background

1.1 SathavahanaIspat Limited (SIL), (the 'company') is a public limited company incorporated under the provisions of erstwhile Companies Act, 1956 having its registered office at Hyderabad in the state of Telangana, India. The Equity Shares of the Company are listed with Stock Exchanges in India viz., BSE Limited, Mumbai (Stock Code:526093) and the National Stock Exchange of India Limited, Mumbai (Stock Code: SATHAISPAT").

1.2 'SathavahanaIspat Limited (the Company) is engaged in the manufacture of ferrous products, Metallurgical Coke with Co-generation of Power. The ferrous products plant is in Anantapuram District of Andhra Pradesh and the Metallurgical Coke with Co-generation Power facility is in Bellary District, Karnataka. A major portion of Metallurgical Coke is captively used for manufacture of ferrous products. The Company's turnover is mainly from domestic markets.

1.3 The company has shut down the operations at ferrous products plant in Anantapuram district since June 12, 2017 due to the reasons as mentioned in note 33.

1.4 The Financial statements are approved for issue by the Company's Board of Directors on May 30, 2019.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.(Refer note 2.1.(iii) & 2.5)

2.1 Basis of preparation of financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared as a going concern on accrual basis of accounting. The company has adopted historical cost basis for assets and liabilities except for certain items which have been measured on a different basis and such basis is disclosed in the relevant accounting policy.

(iii) New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing April 1, 2018:

- Ind AS 115, Revenue from contracts with customers
- Appendix B, Foreign Currency Transactions and advance consideration to Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Amendment to Ind AS 12, Income Taxes
- Amendment to Ind AS 40, Investment Property

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(iv) Current and non-current classification

An asset is classified as current, if

(i) It is expected to be realized or sold or consumed in the company's normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) It is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current, if

(i) It is expected to be settled in normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be settled within twelve months after the reporting period;

(iv) It has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

All assets and liabilities have been classified as current or non-current as per company's operating cycle and other criteria set out in Schedule-III of the Companies Act, 2013. Based on the nature of business, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments. Refer Note. 32 for segment information.

Segment revenue arising from third party customers is reported on the same basis as revenue in the financial statements. Inter-segment revenue is reported on the basis of transactions which are primarily market led. Segment results represent profits before finance charges, unallocated expenses and taxes.

"Unallocated Expenses" include revenue and expenses that relate to costs attributable to the enterprise as a whole and are not attributable to segments.

2.3 Functional and presentation currency

(i) Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in statement of profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/(losses).

Non-monetary items that are measured in terms of historical cost in a foreign currency, using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non- monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in statement of profit and loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as Fair value through other comprehensive income (FVOCI) are recognised in other comprehensive income.

2.4 Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

- The areas involving critical estimates or judgements are
- Estimation of defined benefit obligation [refer note: 21(a) (ii)]
- Estimation of expected credit loss on financial assets [refer note: 27(A)]
- Estimation of useful life of fixed assets [refer note: 2.6]
- Estimation of recognition of deferred tax assets for carried forward tax losses [Refer note. 25]
- Estimated utilisation, disposal values, and discount rates applied to future cash flows in testing ofImpairment of non-financial assets [refer note 2.10]
- Estimates and judgements are continually evaluated. They are based on historical experience and other Factors, including expectations of future events that may have the financial impact of the company and that are believed to be reasonable under the circumstances.

2.5 Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18.

Refer note 2.5– Significant accounting policies – Revenue recognition in the Annual report of the Company for the year ended March 31, 2018, for the revenue recognition policy as per Ind AS 18. No impact of the adoption of the standard on the financial statements of the Company is insignificant.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Transfer of risks and rewards vary depending on the individual terms of contract of sale. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Sale of services

Revenue recognition is based on the terms and conditions as per the contracts entered into /understanding with the customers. All revenues from services, as rendered, are recognised when persuasive evidence of an arrangement exists, the sale price is fixed or determinable and collectability is reasonably assured and are reported net of sales incentives, discounts based on the terms of the contract and applicable indirect taxes.

Dividend income

Dividend income on investments is accounted for when the right to receive the payment is established, which is generally when shareholders approve the dividend. Dividend income is included in Other Income in the Statement of Profit and Loss.

Interest income

Interest income on all financial assets measured at amortised cost, interest income is recognised using the effective interest rate (EIR) method, is recognised in the statement of profit and loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the expected credit loss).

2.6 Property, plant and equipment

Freehold land is carried at deemed cost. On transition to Ind AS, the company has elected the option of fair value as deemed cost of land as at April 01, 2016.All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. On transition to Ind AS, the company has elected to continue with the carrying value of all its property, plant and equipment recognized as at April 01,2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the Property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefit is expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in profit and loss in the period the item is derecognised.

Capital work-in-progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

Depreciation methods, estimated useful lives and residual value

Depreciation is computed on a straight line method to allocate their cost, net of their residual values, over their estimated useful lives in the manner prescribed in Schedule II of the Act.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from

previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis. The residual values are not more than 5% of the original cost of the asset. Property, plant and equipment individually costing Rs. 5,000 or below are fully depreciated in the year of purchase. Depreciation on additions /deletions is calculated on a monthly pro-rata basis.

Leasehold land is amortised over the lease period on straight line basis.

2.7 Intangible assets and amortisation

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. These assets are amortised over a period of 3 years, which is based on their estimated useful life. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

All intangible assets are tested for impairment. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss. Thus, after initial recognition, an intangible asset is carried at its cost less accumulated amortization and/or impairment losses.

2.8 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the amount of proceeds, net of direct costs of the capital issue.

2.9 Financial instruments

Classification, initial recognition and measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

(i) Financial assets

Classification

The Company classifies its financial assets in the following measurement categories

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement - Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the company classifies its debt instruments

At amortised cost

Financial assets having contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding and that are held within a business model whose objective is to hold such assets in order to collect such contractual cash flows are classified in this category. Subsequently, these are measured at amortized cost using the effective interest method less any impairment losses.

At fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the asset's cash flows represent solely taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit and loss.When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using effective interest rate method. Foreign exchange gains/ (losses) and impairment expenses are presented as separate line item in statement of profit and loss.

At fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVOCI measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

Other Equity Investments:

All other equity investments are measured at fair value, with value changes recognised in Statement of Profit and Loss, except for those equity investments for which the Company has elected to present the value changes in 'Other Comprehensive Income', there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

Bank balances other than cash and cash equivalents:

Bank balances and other deposits with banks pledged or lien marked against bank guarantees and letters of credit issued by banks are treated as Margin Money.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(ii) Financial liabilities

Classification, initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment

for liquidity services and amortised over the period of the facility to which it relates.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. On de-recognition of a financial asset the difference between the carrying amount and the consideration received is recognised in the statement of profit and loss.

The company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. On de-recognition of a financial liability the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

2.10 Impairment of assets

Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are measured through a loss allowance at an amount equal to

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12 month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

Non-financial assets

Property, plant & equipment and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability when there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the profit or loss.

2.11 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Borrowing costs include exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

2.12 Inventories

(i) Raw materials and stores and spares are valued at lower of cost, calculated on First-in-First-Out ("FIFO") basis,

and net realisable value. Items held for use in the production of inventories are not written down below cost if the finished products in which these will be incorporated are expected to be sold at or above cost.

(ii) Finished goods and work-in-progress are valued at lower of cost and net realisable value. Cost includes materials, labour and a proportion of appropriate overheads based on normal operating capacity.

(iii) Cost of inventories also includes all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Scrap is valued at net realisable value. Obsolete, defective and unserviceable inventories are duly provided for.

2.13 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation. It establishes provisions, where appropriate , on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognised for temporarydifferences between the carrying amount and tax bases of investments in subsidiaries where the Company is ableto control the timing of the reversal of the temporary differences and it is probable that the differences will notreverse in the foreseeable future.

Deferred tax assets are not recognised for temporarydifferences between the carrying amount and tax basesof investments in subsidiaries where it is not probablethat the differences will reverse in the foreseeable futureand taxable profit will not be available against which thetemporary difference can be utilized.

Deferred tax assets and liabilities are offset when thereis a legally enforceable right to offset current tax assetsand liabilities and when the deferred tax balances relateto the same taxation authority. Current tax assets andtax liabilities are offset where the entity has a legallyenforceable right to offset and intends either to settleon a net basis, or to realise the asset and settle theliability simultaneously.

Current and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred Tax Assets include Minimum Alternative Tax(MAT) paid in accordance with the tax laws in India, whichis likely to give future economic benefits in the form ofavailability of set off against future income tax liability.Accordingly, MAT is recognized as deferred tax assetin the Balance sheet when the asset can be measuredreliably and it is probable that the future economicbenefit associated with the asset will be realized

2.14 Leases

As a lessee

Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

2.15 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as other finance expense.

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

A contingent asset is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements.

Provisions, Contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.16 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the appropriate market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The company operates the following post-employment schemes

(a) Defined benefit plans such as gratuity and;

(b) Defined contribution plans such as provident fund.

(c) State plans.

(a) Defined benefit plans - Gratuity obligations

The liability or assets recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and change in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

(b) Defined contribution plans

The Company pays provident fund contributions to publicly administered funds as per applicable regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

(c) State plans Employer's contribution to Employees' State Insurance is charged to statement of profit and loss.

2.17 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.Dividend is recognised as a liability in the period in which the interim dividends are approved by the Board of Directors, or in respect of the final dividend when approved by shareholders.

2.18 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

2.19 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not used in the production of goods and services or for the administrative purposes, is classified as Investment property and is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

2.20 Rounding of amounts:

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III of the Companies Act, 2013, unless otherwise stated.

2.21 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the company has not applied as they are effective from April 1, 2019.

Ind AS - 116

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The Company will adopt Ind AS 16, effective annual reporting period beginning April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

- Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:
- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

The Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The effect on adoption of Ind AS 116 would be insignificant in the standalone financial statements.

Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement.

Ind AS 109 – Prepayment Features with Negative Compensation

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortized cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

Ind AS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

Notes to the Financial statements

(Amounts in ₹)

Note 3: Property, plant and equipment:

	Freehold Land	Freehold Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Data processing Equipment	Leased hold land (Refer note ii below)	Total	Capital work-in-progress
As At March 31, 2018										
Gross carrying amount										
Opening Gross carrying amount	567,315,629	930,060,751	9,265,160,527	8,920,554	90,054,342	17,239,439	9,385,257	33,142,622	10,921,279,121	288,530,530
Additions	-	-	15,481,820	21,297	-	162,867	316,066		15,982,050	18,868,660
Closing gross carrying amount	567,315,629	930,060,751	9,280,642,347	8,941,851	90,054,342	17,402,306	9,701,323	33,142,622	10,937,261,170	307,399,190
Accumulated depreciation										
Opening accumulated depreciation	-	139,222,504	2,436,901,591	4,754,508	48,331,596	12,088,385	7,840,041	-	2,649,138,625	-
Depreciation charge during the year	-	25,859,579	469,245,296	587,746	7,382,876	1,477,459	684,004	-	505,236,960	-
Closing accumulated depreciation	-	165,082,083	2,906,146,887	5,342,254	55,714,471	13,565,844	8,524,045	-	3,154,375,585	-
Net carrying amount as at March 31, 2018	567,315,629	764,978,669	6,374,495,459	3,599,597	34,339,871	3,836,461	1,177,278	33,142,622	7,782,885,585	307,399,190
As At March 31, 2019										
Gross carrying amount										
Opening Gross carrying amount	567,315,629	930,060,751	9,280,642,347	8,941,851	90,054,342	17,402,306	9,701,323	33,142,622	10,937,261,170	307,399,190
Additions		-	2,125,498	17,538	-	355,636	365,258		2,863,930	25,571,247
Closing gross carrying amount	567,315,629	930,060,751	9,282,767,845	8,959,389	90,054,342	17,757,942	10,066,581	33,142,622	10,940,125,100	332,970,437
Accumulated depreciation										
Opening accumulated depreciation	-	165,082,083	2,906,146,887	5,342,254	55,714,471	13,565,844	8,524,045	-	3,154,375,585	-
Depreciation charge during the year		25,859,580	439,244,049	556,956	6,389,522	1,363,341	389,816	-	473,803,263	
Closing accumulated depreciation	-	190,941,663	3,345,390,936	5,899,210	62,103,993	14,929,185	8,913,861	-	3,628,178,848	-
Net carrying amount as at March 31, 2019	567,315,629	739,119,088	5,937,376,909	3,060,179	27,950,349	2,828,757	1,152,720	33,142,622	7,311,946,253	332,970,437

Note:

i) Capital work in progress mainly consist of cost incurred for the New Boiler at Kudithini Plant located in Karnataka.

ii) Under the agreement with the KIADB, the title to the leased land vest with the lessor, and the Company shall take title to leased land at the end stipulated period subject to conditions provided in lease agreement and the company is expected to fulfil the conditions stipulated in the agreement.

iii) Refer Note 35 for information on property, plant and equipment pledged as security by the company.

Notes to the Financial statements

(Amounts in ₹)

Note 4: Intangible assets (Acquired):

	Computer Software
Year ended March 31, 2018	
Gross carrying amount	
Opening gross carrying amount	1,097,820
Additions	-
Closing gross carrying amount	**1,097,820**
Accumulated amortization	
Opening accumulated amortization	962,180
Amortization charge during the year	73,500
Closing accumulated amortization	**1,035,680**
Closing net carrying amount as at March 31, 2018	62,140
Year ended March 31, 2019	
Gross carrying amount	
Opening Gross carrying amount	1,097,820
Additions	-
Closing gross carrying amount	**1,097,820**
Accumulated amortization	
Opening accumulated amortization	1,035,680
Amortization charge during the year	62,140
Closing accumulated amortization	**1,097,820**
Closing net carrying amount as at March 31, 2019	-

Note 5: Non-Current Investments:

	March 31, 2019	March 31, 2018
(Quoted, fully paid up)		
Investment in equity instruments (at FVTPL)		
IDBI Bank Ltd 10,720 (March 31, 2018 -10,720) Equity shares of Rs.10/- each, fully paid (formerly Industrial Development Bank of India)	**500,088**	774,520
IFCI Ltd 10,000 (March 31, 2018-10,000) Equity shares of Rs.10/- each, fully paid	**137,700**	197,500
State Bank of India 1,980 (March 31, 2018-1,980) Equity shares of Rs.10/- each, fully paid (formerly State Bank of Travancore)	**635,184**	495,198
Total (equity instruments)	**1,272,972**	1,467,218
(Unquoted, fully paid up)		
Investment in Mutual Funds (at FVTPL)		
SBI Mutual Fund 5,000 (March 31, 2018-5,000) Units of Rs.10/- each, fully paid	**196,046**	186,100
Canara Robeco Mutual Fund 22,673 (March 31, 2018: 19,119) Units of Rs.10/- each, fully paid (Refer note 5.1)	**396,962**	371,227
Total (Mutual Funds)	**593,008**	557,327
Total Non-current investments	**1,865,980**	2,024,545
Aggregate amount of unquoted investments	**593,008**	557,327
Aggregate amount of quoted investments	**1,272,972**	1,467,218
Aggregate market value of quoted investments	**1,272,972**	1,467,218
Aggregate market value of unquoted investments	**593,008**	557,327

Note: 5.1 During the year, Canara Robeco mutual fund has merged 19,119 units of Capital protection oriented fund plan by issuing 22,673 units in Short term fund- Regular growth plan.

Notes to the Financial statements

(Amounts in ₹)

Note 6: Other non-current financial assets:

	March 31, 2019	March 31, 2018
Unsecured, Considered good		
Deposits with public bodies and others	**32,156,145**	32,157,271
Keyman insurance and benefits thereon receivable	**33,037,292**	32,101,815
Total other non-current financial assets	**65,193,437**	64,259,086

Note 7 : Other assets:

		March 31, 2019	March 31, 2018
i)	**Non-current**		
	Capital advances		
	- Considered good	**21,547,956**	31,150,969
	- Considered doubtful	**9,754,976**	9,754,976
	Less: Provision for doubtful advances	**(9,754,976)**	(9,754,976)
	Advances other than capital advances:		
	Taxes paid under protest against legal cases		
	- Considered good	**8,351,072**	6,542,630
	Other deposits		
	- Considered doubtful	**5,402,173**	5,402,173
	Less: Provision for doubtful deposits	**(5,402,173)**	(5,402,173)
	Pre-paid expenses	**2,321,882**	2,949,368
	Prepaid taxes (Net of provision for taxation)	**40,501,436**	34,395,684
	Total other non-current assets	**72,722,346**	75,038,651
		March 31, 2019	March 31, 2018
ii)	**Current:**		
	(Unsecured)		
	Advances other than capital advances:		
	Security Deposits		
	- With Statutory Authorities	**27,027,287**	28,128,043
	- Others		
	- Considered good	**600,785**	869,996
	- Considered doubtful	**1,021,784**	1,021,784
	Less: Provision for doubtful deposits	**(1,021,784)**	(1,021,784)
	Balance with government authorities		
	- Considered good	**99,431,919**	96,294,314
	- Considered doubtful	**-**	18,984,281
	Less: Provision for doubtful deposits	**-**	(18,984,281)
	Prepaid expenses	**2,897,349**	8,938,620
	Advances to suppliers	**63,591,063**	83,787,716
	Other advances and receivable		
	- Considered good	**7,306,761**	6,472,491
	- Considered doubtful	**1,681,500**	1,681,500
	Less: Provision for doubtful deposits	**(1,681,500)**	(1,681,500)
	Other advances considered doubtful	**-**	25,000,000
	Less: Written off during the year	**-**	(25,000,000)
	Total other current assets	**200,855,164**	224,491,180

Notes to the Financial statements

(Amounts in ₹)

Note 8: Inventories (Valued at cost and net realisable value whichever is lower):

	March 31, 2019	March 31, 2018
Raw materials	**347,729,423**	184,324,640
Work-in-progress	**125,111,485**	90,456,157
Finished goods	**248,823,715**	341,434,302
Stores and spares	**90,304,777**	86,992,466
Scrap (at net realisable value)	**149,296**	149,296
Total inventories	**812,118,696**	703,356,861
The above includes material in transit as under:		
Raw materials	**24,538,704**	86,754,350
Total	**24,538,704**	86,754,350

Note:

i) Raw Material & Finished goods Includes stock lying with the third party as on March 31 ,2019 : 23,36,06,017/- (March 31, 2018 : 2,08,37,906/-)

ii) Refer Note 35 for information on inventories pledged as security by the company.

iii) Refer Note 38 for amounts recognised in profit and loss as an exceptional item in respect of Inventory written off on account of discrepanies noted during physical verification at year end.

Note 9: Trade receivables:

	March 31, 2019	March 31, 2018
Trade Receivables	**818,168,966**	797,237,319
Less: Expected credit loss (Refer note 27(A))	**(93,056,138)**	(9,30,56,138)
Total trade receivables	**725,112,828**	704,181,181

(i) : Break-up of security details:

Considered good- Secured	**-**	-
Considered good- Unsecured	**280,903,916**	279,322,491
Which have significant increase in credit risk	**537,265,050**	517,914,828
Credit impaired	**-**	-
Total	**818,168,966**	797,237,319
Expected credit loss (Refer note 27 (A))	**(93,056,138)**	(93,056,138)
Total trade receivables	**725,112,828**	704,181,181

ii) Refer Note 35 for information on trade receivables pledged as security by the company.

Note 10: Cash and cash equivalents:

	March 31, 2019	March 31, 2018
Balances with banks		
- in current accounts	**63,911,599**	108,083,385
Cash on hand	**164,602**	488,312
Total cash and cash equivalents	**64,076,201**	108,571,697

There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

Note 11: Bank balances other than cash and cash equivalents:

	March 31, 2019	March 31, 2018
Earmarked Balances for unpaid dividend (Refer Note : 15(i))	**-**	2,203,760
Margin money deposits with Banks (Refer Note 29(i) & 11(i))	**6,385,615**	170,325,620
Total Bank balances other than cash and cash equivalents	**6,385,615**	172,529,380

Note 11(i) : Margin Money Deposits includes Rs. 56,72,774/- (2018: 17,03,25,620/-) pledged/ lien marked against bank guarantees and Letter of Credit issued by the Bank.

Notes to the Financial statements

(Amounts in ₹)

Note12 : Equity share capital

Authorised equity share capital:

	Number of shares	Amount
As at April 01, 2017	**60,000,000**	600,000,000
Change during the year	**-**	-
As at March 31,2018	**60,000,000**	600,000,000
Change during the year	**-**	-
As at March 31,2019	**60,000,000**	600,000,000

(i) Reconciliation of number of shares outstanding:

Issued, Subscribed and Paid up Equity Share capital

	Number of shares	Amount
As at April 01, 2017	**50,900,000**	509,000,000
Change during the year	**-**	-
As at March 31,2018	**50,900,000**	509,000,000
Change during the year	**-**	-
As at March 31, 2019	**50,900,000**	509,000,000

ii) Terms/rights attached to equity shares :

The company has only one class of equity shares having a par value of Rs.10 per share. Each Holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shareholders holding more than 5% equity shares in the company:

	PROMOTERS GROUP			
	Smt A . Mutya Bai	Shri A . Ashok Kumar	Ganapathi Holdings Pte Limited	Ganapati Adusumilli Fininvest Private Limited
As At March 31, 2018				
Number of shares	4,910,482	3,319,110	2,520,000	4,200,000
% holding	9.65%	6.52%	4.95%	8.25%
As At March 31, 2019				
Number of shares	4,756,831	3,319,110	2,520,000	4,200,000
% holding	9.35%	6.52%	4.95%	8.25%

	OTHER THAN PROMOTER GROUP			
	Heshika growth fund	Plutus Terra India Fund	Antara India Evergreen Fund Limited	One Earth Capital Limited
As At March 31, 2018				
Number of shares	-	4,990,000	4,640,996	5,576,316
% holding	-	9.80%	9.12%	10.96%
As At March 31, 2019				
Number of shares	4,640,996	4,954,600	-	5,576,316
% holding	9.12%	9.73%	-	10.96%

Notes to the Financial statements

(Amounts in ₹)

Note 13: Borrowings

(i): Non-current

	March 31, 2019	March 31, 2018
(Secured)		
Term Loans:		
i. From Banks	**299,10,75,443**	2,991,075,443
ii. From IFCI Limited	**814,195,455**	817,118,877
iii. From Banks- Vehicle loans	**5,522,065**	9,380,699
Total	**3,810,792,963**	3,817,575,019
Less: Current maturities of long-term debt (Refer note v below)	**2,535,113,433**	1,745,870,944
Less: Unamortised upfront fees and other borrowing Cost	**9,443,399**	15,980,630
Total Non-current borrowings	**1,266,236,131**	2,055,723,445

Secured borrowings and assets pledged as security

i. Term Loan borrowings from banks are secured by first mortgage and charge on entire fixed assets, both present and future, and second charge on current assets and guaranteed by two Promoter Directors of the Company. The Principal amount on these term loans are generally repayable in 32 equated quarterly instalments after moratorium period of one year with interest payable on monthly rests. The interest rates vary from 12.5% to 13.75% p.a. Borrowing from IFCI Limited is secured by first mortgage and charge on immovable properties including movable assets, both present and future, ranking pari passu with the existing lenders and guaranteed by one Promoter Director of the Company and further secured by pledge of twenty five percent of equity shares held by the promoters in the company. The borrowing from IFCI Limited is repayable in sixteen equated quarterly instalments after a moratorium period of one year from the date of first disbursement with interest 13.55% payable on monthly rests.

ii. The period of maturity with reference to five term Loan Borrowings from Balance Sheet date are: (a) Loan 3 comprises of 11 quarterly instalments of ₹85625000/- each, and 1 quarterly instalment of ₹9873486/- (b) Loan 4 comprises of 12 quarterly instalments of ₹42000000/- each and 1 quarterly instalment of ₹18002837/-, and 11 quarterly instalments of ₹18000000/- each and 1 quarterly instalment of ^17980366/- (c) Loan 5 comprises of 6 quarterly instalments of ₹56250000/- each and one quarterly instalment of ₹53326579/-.

iii. Other loans from banks and other party are on hypothecation of assets and guaranteed by the Managing Director of the Company. These loans are mostly repayable in 36 equated monthly instalments including interest. The interest rates vary from 9.50% to 11.5% p.a. The future maturities from the Balance Sheet date comprises (a) loan 2 comprises twenty six instalments of ₹93012/- each (b) loan 3 comprises twenty eight instalments of ₹20112/-each; (c) loan 4 comprises twenty seven instalments of ₹14799/- each and (d) loan 5 comprises fourteen instalments of ₹143870/- each and 1 installment of ₹125864/-. All instalments includes interest.

iv. The above borrowings and interest due thereon have not been paid as on balance sheet date are stated below:

v. Classification of Borrowings: Refer note 27B(b). Management believes deep restructuring plan will be considered by consortium of bankers, accordingly Term loans had been disclosed as per terms of present loan covenants with bankers until the revised restructure finalised by the bankers

vi. Refer note 35 for information on financial and non-financial assets pledged as security for the above borrowings.

(ii) Current

	March 31, 2019	March 31, 2018
Secured-Payable on demand		
Working capital loans from banks	**6,890,912,263**	6,059,784,958
Total current borrowings	**6,890,912,263**	6,059,784,958

Secured borrowings and assets pledged as security

i) Working capital loans from banks and Buyer's credit are secured by first charge on the entire current assets and further secured by second charge on entire fixed assets of the Company and guaranteed by two Promoter Directors of the Company. The rate of interest on working capital loans varies from 14.50% to 15.25% p.a. The rate of interest in respect of Buyer's credit varies from 6m LIBOR +70 bps to 6m LIBOR + 120 bps p.a.

Notes to the Financial statements

(Amounts in ₹)

ii) Refer note 35 for information on financial and non-financial assets pledged as security for the above borrowings.

Defaults in repayment of Long Term Borrowings and interest thereon which are paid and unpaid as at balance sheet date:

	March 31, 2019		March 31, 2018	
	Period of default	**Amount of default**	Period of default	Amount of default
Defaults- Paid during the year				
Term Loans:				
From Canara Bank				
- Principal	**-**	**-**	86 Days	23,714,286
- Interest	**-**	**-**	86 Days	27,560,309
From Andhra Bank				
- Interest	**-**	**-**	90 Days	3,958,505
Total		**-**		55,233,100
Defaults- Unpaid as at year end				
From State Bank of India				
- Principal	**1-731 Days**	**429,496,471**	1-366 Days	227,900,000
- Interest	**1-730 Days**	**287,402,974**	1-365 Days	149,935,974
From Andhra Bank				
- Principal	**1-731 Days**	**362,643,795**	1-366 Days	202,369,830
- Interest	**1-730 Days**	**274,450,435**	1-365 Days	127,711,905
From Canara Bank				
- Principal	**59-730 Days**	**509,203,487**	59-365 Days	266,847,148
- Interest	**59-789 Days**	**358,914,468**	59-424 Days	167,463,510
From IFCI Limited				
- Principal	**60-700 Days**	**423,368,877**	60-335 Days	198,368,877
- Interest	**60-700 Days**	**287,783,521**	60-335 Days	118,409,815
Total		**2,933,264,028**		1,459,007,059
Grand Total		**2,933,264,028**		1,514,240,159

Defaults in working capital borrowings:

	Fund based limit (Sanctioned)	**Balance as at March 31, 2019 (Refer note i below)**	Overdrawn balance as at March 31, 2019	Overdrawn balance as at March 31, 2018
From Canara Bank	**264,000,000**	**2,672,111,970**	2,408,111,970	1,979,350,949
From State Bank of India	**402,000,000**	**2,050,179,674**	1,648,179,674	1,538,550,697
From Andhra Bank	**264,000,000**	**2,168,620,619**	1,904,620,619	1,611,883,312
Total	**930,000,000**	**6,890,912,263**	5,960,912,263	5,129,784,958

i) Company had non fund based limit of Rs. 592,00,00,000/- (March 31, 2018: Rs. 592,00,00,000/-) sanctioned by above bankers as at March 31, 2019.

Notes to the Financial statements

(Amounts in ₹)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	March 31, 2019	March 31, 2018
Opening balance of borrowings	**9,877,359,977**	6,891,033,965
Add: Proceeds from non current borrowings	**-**	-
Less: Repayments of non current borrowings	**(244,825)**	(69,573,159)
Proceeds/ (repayment) from current borrowings	**831,127,305**	3,064,562,799
Fair value adjustment	**(6,537,231)**	(8,663,628)
Closing balance of borrowings	**10,701,705,226**	9,877,359,977

Note 14: Provisions:

		March 31, 2019	March 31, 2018
Defined benefit obligations			
(i)	Non- Current		
	Gratuity (Refer Note :21(a))	**34,490,824**	37,753,726
	Leave encashment	**4,616,358**	12,959,762
Total		**39,107,182**	50,713,488
(ii)	Current		
	Gratuity (Refer Note :21(a))	**7,431,591**	6,463,829
	Leave encashment	**1,204,174**	5,087,090
Total		**8,635,765**	11,550,919

Note 15: Other current financial liabilities:

	March 31, 2019	March 31, 2018
Current		
Current maturities of long-term borrowings	**2,535,113,433**	1,745,870,944
Interest accrued		
Due for payment	**1,208,551,398**	563,521,204
Not due for payment	**32,022,230**	26,647,184
Unclaimed dividend (Refer Note : 15(i))	**-**	2,203,760
Creditors for other liabilities		
Creditors for capital works	**30,963,844**	60,193,605
Employee benefits payable	**115,721,266**	108,249,818
Creditors for expenses	**248,263,088**	171,896,829
Total other financial liabilities	**4,170,635,259**	2,678,583,344

Note 15(i): Unclaimed dividend account represents dividend amount unclaimed and no amount is due for deposit in Investor Education and Protection Fund

Note 16: Other current liabilities:

	March 31, 2019	March 31, 2018
Statutory liabilities (Refer note 37)	**49,045,618**	29,188,260
Advance from customers	**11,205,064**	59,892,326
Retention money	**15,217,488**	9,770,350
Total other current liabilities	**75,468,170**	98,850,936

Notes to the Financial statements

(Amounts in ₹)

Note 17: Revenue from operations:

	March 31, 2019	March 31, 2018
Revenue from contracts with customers (Refer note 17(i))		
Sale of products	**4,890,520,795**	2,167,577,022
Sale of traded goods	**-**	52,706,303
Sale of services	**74,780,272**	93,219,238
	4,965,301,067	2,313,502,563
Other operating revenue:		
Sale of scrap out of manufacturing process	**20,067,986**	173,805,603
Total revenue from operations	**4,985,369,053**	2,487,308,166

Note 17(i): Includes excise duty of Rs. Nil (Previous year Rs.4,94,34,216/-)

Note 18: Other income:

	March 31, 2019	March 31, 2018
Interest income from financial assets at amortised cost	**45,870,931**	36,804,708
Dividend income from investments mandatorily measured at FVTPL	**-**	5,148
Net gain on foreign currency transactions and translations	**-**	15,528,525
Net gain on sale of investments mandatorily measured at FVTPL	**-**	56,045
Sale of other scrap	**11,084,605**	8,025,550
Credit balances written back	**23,631,605**	13,360,759
Other non-operating income	**1,199,986**	7,306,081
Total other income	**81,787,127**	81,086,816

Note 19: Cost of raw materials consumed:

	March 31, 2019	March 31, 2018
Opening Stock	**184,324,640**	651,810,003
Add: Purchases	**4,643,463,552**	933,781,560
Less: Closing Stock	**347,729,423**	184,324,640
Total cost of raw materials consumed	**4,480,058,769**	1,401,266,923

Note 20: Changes in inventories of finished goods, work-in-progress and scrap:

	March 31, 2019	March 31, 2018
Opening Balance:		
Finished goods	**341,434,302**	1,166,797,681
Work-in-progress	**90,456,157**	295,546,804
Scrap	**149,296**	1,321,453
	432,039,755	1,463,665,938
Closing Balance:		
Finished goods	**248,823,715**	341,434,302
Work-in-progress	**125,111,485**	90,456,157
Scrap	**149,296**	149,296
	374,084,496	432,039,755
Less: Adjustment on account of exceptional item(Refer note 38)	**298,397,641**	-
Total changes in inventories of finished goods, work-in-progress and scrap	**(240,442,382)**	1,031,626,183

Note 21: Employee benefits expense:

	March 31, 2019	March 31, 2018
Salaries, wages, bonus and other allowances	**233,892,229**	291,300,850
Contribution to provident fund and other funds	**19,761,644**	11,823,614
Contribution to ESI	**3,589,834**	3,953,989
Staff welfare expenses	**3,559,261**	4,191,307
Total employee benefits expense	**260,802,968**	311,269,760

Notes to the Financial statements

(Amounts in ₹)

Note 21(a):

(i) Defined Contribution plans:

Employer's Contribution to Provident Fund: Contributions are made to provident fund in India for employees at the rate of 12% of basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

Employer's Contribution to State Insurance Scheme: Contributions are made to State Insurance Scheme for employees at the rate of 4.75%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. this Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

	March 31, 2019	March 31, 2018
Employer's Contribution to Provident Fund	**9,603,282**	13,886,316
Employer's Contribution to ESI	**3,589,834**	3,953,989

(ii) Defined Benefits plans:

(i) Post-employment obligations- Gratuity:

The company provides for gratuity for employees in India as per the payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 day's salary multiplied for the number of years of service. The gratuity plan is an unfunded plan. The company's liability with regard to this plan is determined based on actuarial valuation.

A Reconciliation of opening and closing balances of defined benefit obligation:

	Gratuity (Unfunded)	
	March 31, 2019	March 31, 2018
Defined benefit obligation at beginning of the year	**44,217,555**	48,328,765
Current Service Cost	**3,670,073**	4,642,622
Past Service Cost	**-**	2,752,112
Interest Cost	**3,503,521**	3,547,028
Actuarial (Gain) / Loss	**(8,621,661)**	(1,29,82,864)
Benefits Paid	**(8,47,073)**	(20,70,108)
Defined Benefit Obligation at year end	**41,922,415**	44,217,555

B) Expenses recognised during the year:

	Gratuity (Unfunded)	
	March 31, 2019	March 31, 2018
In Income Statement		
Current Service Cost	**3,670,073**	4,642,622
Past Service Cost	**-**	2,752,112
Interest Cost	**3,503,521**	3,547,028
Return on Plan Assets		-
Net Cost	**7,173,594**	10,941,762
In Other Comprehensive Income		
Actuarial (Gain) / Loss	**(86,21,661)**	(1,29,82,864)
Net (Income)/ Expense For the period Recognised in OCI	**(86,21,661)**	(1,29,82,864)
Significant estimates: Actuarial assumptions and sensitivity		
The significant actuarial assumptions were as follows:	**March 31, 2019**	March 31, 2018
Discount rate	**7.65%**	8%
Salary growth rate	**5%**	5%
Withdrawal Rate	**1%-10%**	1%-10%
Retirement Age	**58 Years**	58 Years
Adjusted Average Future Services	**12.39**	23.24
Mortality Table(IALM)	**2012-14**	2006-08

Notes to the Financial statements

(Amounts in ₹)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	March 31, 2019
Defined Benefit Obligation	**41,922,415**
Discount rate:	
Increase : +1%	**39,148,226**
Decrease: -1%	**45,103,965**
Salary Growth rate:	
Increase : +1%	**45,326,354**
Decrease: -1%	**38,861,344**
Withdrawal rate:	
Increase : +1%	**42,487,349**
Decrease: -1%	**41,286,574**

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

Defined benefit liability and employer contributions:

The weighted average duration of the defined benefit obligation is 12.24 years. The expected cash flows over the next years is as follows:

Particulars	March 31, 2019
Defined benefit obligation-gratuity	
Less than a year	**7,431,591**
Between 2-5 years	**12,295,085**
Over 6 years	**23,111,527**

Risk Management

Through its defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

Salary Cost Inflation Risk: The present value of the Defined Benefit Plan liability is calculated with reference to the future salaries of participants under the Plan. Increase in salary due to adverse inflationary pressures might lead to higher liabilities.

Note 22: Finance costs:

	March 31, 2019	March 31, 2018
Interest and finance charges on financial liabilities carried at amortized cost	**1,741,395,097**	1,370,860,855
Other borrowing costs	**2,454,625**	34,736,750
Total finance costs	**1,743,849,722**	1,405,597,605

Note 23: Depreciation and amortisation expense:

	March 31, 2019	March 31, 2018
Depreciation of property, plant and equipment	**473,803,263**	505,236,960
Amortization of intangible assets	**62,140**	73,500
Total depreciation and amortization expense	**473,865,403**	505,310,460

Notes to the Financial statements

(Amounts in ₹)

Note 24: Other expenses:

		March 31, 2019	March 31, 2018
Power and fuel		**33,601,140**	120,828,523
Consumption of stores and spare parts		**26,872,141**	35,074,295
Operation and maintenance charges		**28,222,412**	55,155,652
Rent [Refer Note 24(b)]		**4,311,161**	4,339,610
Repairs			
- Buildings		**98,938**	769,601
- Machinery		**64,250,805**	42,959,932
- Others		**662,111**	1,172,012
Insurance		**21,511,385**	32,997,390
Excise duty adjustment in Finished goods inventory		**-**	(19,408,259)
Rates and taxes, excluding taxes on income		**29,638,201**	6,708,224
Deposits written off	18506265	**-**	-
Less: Provision for doubtful deposits	(18506265)	**-**	-
Legal and Professional charges		**20,818,311**	21,866,732
Payments to Auditors [Refer note 24 (a)]		**2,111,858**	1,655,274
Directors sitting fee		**437,000**	786,000
Printing and stationery		**2,033,708**	1,432,841
Communication expenses		**1,708,530**	2,274,708
Travelling and conveyance		**9,672,912**	5,004,087
Vehicle maintenance		**4,772,046**	11,626,367
Bad debts written off		**4,002,000**	157,123,644
Advances written off		**-**	154,064,913
Allowances for doubtful advances		**-**	9,754,976
Allowances for doubtful trade receivables		**-**	79,461,861
Allowances for doubtful deposits		**-**	27,089,738
Carriage and freight		**21,837,120**	64,486,954
Bank Charges		**2,522,965**	6,101,401
Commission on sales		**9,958,651**	8,741,210
Net loss arising on investments mandatorily measured at FVTPL		**158,565**	59,878
Net loss on foreign exchange fluctuations		**740,665**	-
Packing material consumed		**-**	2,472,575
Equipment hire charges		**8,084,327**	17,845,684
Security expenses		**8,127,744**	7,801,515
Miscellaneous expenses		**22,245,707**	17,025,587
Total other expenses		**328,400,403**	877,272,924

Note 24(a): Details of payments to auditors:

	March 31, 2019	March 31, 2018
Payment to auditors		
As auditor		
As Statutory Auditor	**800,000**	800,000
For Quarterly Reviews	**900,000**	800,000
In other capacities		
For Certifications	**340,000**	15,000
Re-imbursement of expenses	**71,858**	40,274
Total payments to auditors	**2,111,858**	1,655,274

Notes to the Financial statements

(Amounts in ₹)

Note 24(b): Details of Operating Lease:

The Company's significant leasing arrangements are in respect of operating leases for office building premises. These leasing arrangements which are not non-cancellable for a period of 11 months and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as 'Rent'.

	March 31, 2019	March 31, 2018
Not later than one year	**3,619,214**	2,807,400
Later than one year	**-**	-

Note 24(c): Corporate Social Responsibility (CSR):

In terms of provisions of sub section 5 to section 135 of the Companies Act, 2013 the company is not required to earmark any fund for corporate social responsibility activities in view of past losses.

Note 25: Income tax expense:

This note provides an analysis of the company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the company's tax positions.

		March 31, 2019	March 31, 2018
(a)	Income tax expense		
	Current tax on profits for the year	**-**	-
	Deferred tax	**-**	-
	Income tax expense	**-**	-

(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	March 31, 2019	March 31, 2018
Profit / (Loss) from operations before tax	**(1,979,378,703)**	(3,063,643,139)
Tax at the Indian tax rate of 30.9% (2017-18 -30.9%)	**-**	-
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:	**-**	-
Expenses not allowed for tax purpose	**-**	-
Tax effect due to non-taxable income	**-**	-
Income tax expenses	**-**	-

Deferred Tax:

In the absence of reasonable certainty Company has recognized deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liability. In the absence of probable tax profits against which the same can be utilised. Company is incurring losses since two years and doesn't expect the future taxable income in the near future.

	March 31, 2019	March 31, 2018
Deferred tax liability	**1,156,797,361**	1,114,567,283
Deferred tax asset	**(1,156,797,361)**	(1,114,567,283)
Net Deferred tax Liability /(Asset)	**-**	-

Movement in Deferred tax assets:

	Property, plant and equipment	Fair valuation of land	Other deferred tax liabilities	Tax losses	Other deferred tax assets	Total
As at April 01, 2017	910,413,216	119,805,957	17,667,355	(1,020,856,076)	(27,030,452)	-
Charged/(credited):						
- to profit or loss	68,425,520	920,867	(2,665,632)	(32,098,534)	(34,582,221)	-
- to other comprehensive income						
As at March 31, 2018	978,838,736	120,726,824	15,001,723	(1,052,954,610)	(61,612,673)	-
Charged/(credited):						
- to profit or loss	43,260,687	717,139	(1,747,748)	(49,377,466)	7,147,388	-
- to other comprehensive income						
As at March 31, 2019	**1,022,099,423**	**121,443,963**	**13,253,975**	**(1,102,332,076)**	**(54,465,285)**	**-**

Notes to the Financial statements

(Amounts in ₹)

Unused tax losses and unused tax credits for the purposes of deferred tax :

Unused tax losses and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	March 31, 2019	March 31, 2018
Unused tax losses	**3,365,025,108**	2,682,763,714
Unabsorbed tax depreciation	**1,219,153,776**	764,893,434
Mat credit entitlement	**5,873,857**	5,873,857
	4,590,052,741	3,453,531,005
Potential tax benefit @ 31.20 %	**1,432,096,455**	1,077,501,674

The following table details the expiry of the unused tax losses:

Unused tax losses	**March 31, 2019**	March 31, 2018
Less then 5 years	**1,100,340,262**	984,136,164
Less then 6 years	**71,772,227**	116,204,098
Less then 7 years	**1,510,651,225**	71,772,227
Less then 8 years	**682,261,394**	1,510,651,225
	3,365,025,108	2,682,763,714

Note:

i) Unabsorbed tax depreciation does not have any expiry period under the Income Tax Act, 1961

ii) Mat Credit Entitlement will be carried forward up to the Assessment year 2025-26 under the Income Tax Act, 1961

Financial Instruments and Risk Management:

Note 26: Fair value Hierarchy:

Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted price including within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case with listed instruments where market is not liquid and for unlisted instruments.

Note:

(i) The carrying amounts of trade payables, other financial liabilities, borrowings, cash and cash equivalents, other bank balances, trade receivables and other financial assets are considered to be the same as their fair values due to their short term nature and recoverability from the parties.

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values.

Notes to the Financial statements

(Amounts in ₹)

Categories of financial instruments:

Particulars	Notes	Level	As at March 31,2019		As at March 31, 2018	
			Carrying Value	**Fair Value**	Carrying Value	Fair Value
A. Financial assets:						
a) Measured at amortised cost (AC)						
Cash and cash equivalents	10	3	**6,40,76,201**	**6,40,76,201**	10,85,71,697	10,85,71,697
Other bank balances	11	3	**63,85,615**	**63,85,615**	17,25,29,380	17,25,29,380
Trade receivables	9	3	**72,51,12,828**	**72,51,12,828**	70,41,81,181	70,41,81,181
Other financial assets	6	3	**6,51,93,437**	**6,51,93,437**	6,42,59,086	6,42,59,086
Total financial assets at AC			**86,07,68,081**	**86,07,68,081**	104,95,41,344	104,95,41,344
b) Measured at Fair value through Profit and loss (FVTPL)						
Non Current Investments	5					
a) Unquoted mutual funds		2	**5,93,008**	**5,93,008**	5,57,327	5,57,327
b) Investment in equity instruments		1	**12,72,972**	**12,72,972**	14,67,218	14,67,218
Total Financial assets at FVTPL			**18,65,980**	**18,65,980**	20,24,545	20,24,545
B. Financial liabilities:						
a) Measured at amortised cost						
Trade payables		3	**895,594,049**	**895,594,049**	673,779,585	673,779,585
Borrowings	13	3	**8,157,148,394**	**8,157,148,394**	8,115,508,403	8,115,508,403
Other financial liabilities	15	3	**4,170,635,259**	**4,170,635,259**	2,678,583,344	2,678,583,344
Total financial liabilities at AC			**13,223,377,702**	**13,223,377,702**	11,467,871,332	11,467,871,332

Note 27: Financial Risk Management:

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company also holds FVTPL investments. Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate) which may adversely impact the fair value of its financial instruments.

A) Credit Risk:

Credit risk is the risk or potential of loss that may occur due to failure of counterparty to meet the obligation on agreed terms and conditions of the financial contract. Credit risk arises from financial assets such as cash and cash equivalents, trade receivables and other financial assets. Management of the Company monitors exposure to credit risk on an ongoing basis at various levels.

a) Trade receivables:

An impairment analysis is performed at each reporting date on an individual basis for major receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively based on historical data and payment statistics. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

The ageing analysis of the trade receivables (gross of provisions) has been considered from the date the invoice :

Particulars	**March 31,2019**	March 31, 2018
< 180 days	**278,400,887**	138,479,718
181-365 Days	**3,998,929**	98,576,970
> 365 Days	**535,769,150**	560,180,631
Total	**818,168,966**	797,237,319
Less: Expected credit loss	**93,056,138**	93,056,138
Net trade receivables	**725,112,828**	704,181,181

Notes to the Financial statements

(Amounts in ₹)

Following are the Expected credit loss (Calculated at lifetime expected credit losses for the year) for trade receivables under simplified approach:

Particulars	**March 31,2019**	March 31, 2018
Expected credit loss		
Opening Balance	**93,056,138**	13,594,277
Provision made/(reversed) during the year	**-**	236,585,505
Less: Bad debts written off	**-**	(157,123,644)
Closing Balance	**93,056,138**	93,056,138

b) Cash and cash equivalents and other financial assets:

All cash equivalents and other bank balances are carried at fair value. Cash and cash equivalents are deposited with financial institutions that management believes are of high credit quality and accordingly, minimal credit risk exists. In addition, the Company is exposed to credit risk in relation to financial guarantees given to banks by the Company. The Company's maximum exposure in this respect is the maximum amount the Company would have to pay if the guarantee is called on. Refer Note 29 (i).

B) Liquidity Risk

(a) Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

(b) However, in view of various unfavourable factors as set out in Note 33, the Company has been experiencing stressed liquidity condition. In order to overcome such situation, the Company has been taking measures to ensure that the Company's cash flow from business borrowing or financing is sufficient to meet the cash requirements for the Company's operations. As discussed in the aforesaid note management believes deep restructuring plan will be considered by consortium of bankers, accordingly Term loans had been disclosed as per terms of present loan covenants with bankers until the revised restructure finalised by the bankers.

Year ended March 31, 2019				
Particulars	<1 Year	1-3 Years	> 3 Years	Total
Financial liabilities:				
Long term borrowings	253,51,13,433	126,62,36,131	-	380,13,49,564
Short term borrowings	689,09,12,263	-	-	689,09,12,263
Trade Payables	89,55,94,049	-	-	89,55,94,049
Other financial liabilities	163,55,21,826	-	-	163,55,21,826
Total financial liabilities	1195,71,41,571	1,266,236,131	-	13,223,377,702
Year ended March 31, 2018				
Financial liabilities:				
Long term borrowings	174,58,70,944	153,21,18,877	52,36,04,568	380,15,94,389
Short term borrowings	605,97,84,958	-	-	605,97,84,958
Trade Payables	67,37,79,585	-	-	67,37,79,585
Other financial liabilities	93,27,12,400	-	-	93,27,12,400
Total financial liabilities	941,21,47,887	153,21,18,877	52,36,04,568	1146,78,71,332

(C) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTPL Investments.

- **Interest Rate Risk**

  Interest rate risk is the risk that the future cash flows or the fair value of a financial instrument will fluctuate because of changes in market interest rates. The Company policy is to obtain favourable interest rates available. The Company is significantly exposed to interest rate risks that relates primarily to interest bearing financial liabilities.

Notes to the Financial statements

(Amounts in ₹)

Interest rate risk is managed by the company with primary objective of limiting the extent to which interest expense could be affected by an adverse movement in interest rates.

Interest Rate risk- Sensitivity analysis

An increase / decrease of 50 basis points in the interest rate at the end of the reporting period for the variable financial instruments would (decrease)/ increase profit after taxation for the year by the amounts shown below.

Particulars	**March 31, 2019**	March 31, 2018
Total Floating rate borrowings	**1069,22,61,827**	986,13,79,347
Increase in interest rate basis points by 50	**53,461,309**	49,306,897
Decrease in interest rate basis points by 50	**(53,461,309)**	(49,306,897)

- **Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The exposure of entity to foreign currency risk is very limited on account of limited transactions in foreign currency which is not material.

i) Foreign Currency Risk - Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

The analysis is based on the assumption that the Foreign Currency has increased/(decreased) by2. 5% with all other variables held constant.

Unhedged foreign currency exposure as at the reporting date:	**March 31,2019**	March 31,2018
Currency	**Payable for supply and services**	Payable for supply and services
USD (In number)	**186,097**	186,097
Equivalent Amount in Indian Currency	**12,869,521**	12,128,856

2.5% increase or decrease in foreign exchange rates will have the following impact on profit before tax

Particulars	**March 31, 2019**	March 31, 2018
USD	**321,738**	303,221

- **Other price risk**

Commodity Risk

Commodity price risk is the threat that a change in the price of a production input will adversely impact a producer who uses that input. Factors that can affect commodity prices include political and regulatory changes, seasonal variations, weather, technology and market conditions.

The company has commodity price risk, primarily related to the purchases of coal, iron ore and the management monitors its purchases closely to optimise the price. However, in case of power segment the management do not bear significant exposure to earnings risk, as such changes are included in the rate-recovery mechanisms with the customers.

Our company is basically engaged in Ductile Iron Pipe Market and the company's turnover depends on the market risk of price volatility of the these products. The prices of the Ductile Iron pipe are determined by the market factors. The revenue/price of the DI Pipe products of the company are basically impacted by the cost of raw material inputs, production cost, and international and regional market conditions. Any positive and negative changes in any of the above factors can increase and reduce the revenue of the company generated from such products.

Notes to the Financial statements

(Amounts in ₹)

Note 28: Capital Management:

The fundamental goal of capital management are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and - maintain an optimal capital structure to reduce the cost of capital. For the purpose of company's capital management, capital includes issued capital and all other equity reserves.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

However in view of certain adverse factors and challenges being faced by the Company over past few years as explained in Note 33, the net worth of the Company has been eroded and the Company has initiated certain measures/been actively engaging with the lenders for restructuring of its debts at sustainable level and thereby continuing to operate as a going concern. The Company has not declared any dividend since financial year 2010-11.

The Company monitors the capital structure on the basis of total debt to equity ratio :

Particulars	**March 31, 2019**	March 31, 2018
Net Debt	**10,621,800,011**	9,582,482,030
Total Equity	**(3,753,341,862)**	(1,484,187,179)
Total Capital (Net Debt+ Total Equity)	**6,868,458,149**	8,098,294,851
Gearing ratio (Net Debt to total capital Ratio)	**155%**	118%

Net debt is as follows:

	Particulars	**March 31, 2019**	March 31, 2018
A)	Total borrowings		
	Non-current borrowings	**1,266,236,131**	2,055,723,445
	Current borrowings	**6,890,912,263**	6,059,784,958
	Current Maturity of long term debt	**2,535,113,433**	1,745,870,944
	Total (A)	**10,692,261,827**	9,861,379,347
B)	Cash and cash equivalents	**64,076,201**	108,571,697
	Bank balances other than cash and cash equivalents	**6,385,615**	170,325,620
	Total (B)	**70,461,816**	278,897,317
C)	**Net Debt (A-B)**	**10,621,800,011**	9,582,482,030

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit certain banks to immediately call loans and borrowings. Pending restructuring plan with consortium banker, management believes consortium banker consider restructuring of loan along with additional working capital facilities.

The Company has delayed in repayment of dues to banks and financial institutions during the year. (Refer note no :13)

Note 29: Contingent Liabilities :

		March 31, 2019	March 31, 2018
i)	On account of letter of credit and guarantees issued by the bankers.	**20,000,000**	20,000,000
ii)	Claims against the company not acknowledged as debt	**75,276,568**	52,565,945
iii)	Taxes and duty demands contested by the company:		
	Central excise	**25,399,502**	32,431,189
	Commercial Taxes	**18,403,010**	13,491,800
	Income tax	**1,379,100**	1,379,100
	Customs	**108,703,540**	108,703,540
Sub Total (iii)		**153,885,152**	156,005,629
Total (i+ii+iii)		**249,161,720**	228,571,574

Note: It is not practicable for the company to estimate the timings of cash flows, if any, in respect of the above pending resolution of the respective proceedings.

Notes to the Financial statements

(Amounts in ₹)

Note 30 : Payables to Micro, Small & Medium Enterprises:

Information pertaining to Micro and Small Enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 (Act) as given below has been determined to the extent such parties have been identified on the basis of information available with the Company:

	March 31, 2019	March 31, 2018
Principal amount remaining unpaid as on 31st March	**NIL**	NIL
Interest due thereon as on 31st March	**NIL**	NIL
Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of payment made to the supplier beyond the appointed day during the year	**NIL**	NIL
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	**NIL**	NIL
Interest accrued and remaining unpaid as at 31st March	**NIL**	NIL
Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Act	**NIL**	NIL

Note :The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by the auditors.

Note 31: Related Party Transactions:

(a)	**Key Management personnel(KMP)**	:	Naresh Kumar Adusumilli (Managing Director)
		:	Kolappa Thanu Pillai (Chairman)
		:	Adusumilli Sivaji Rao (Executive Vice Chairman)
		:	Shailendra Dasari [Executive Director (Operations)] (Resigned w.e.f. Jan 31, 2019)
		:	Srinivas Narayana Rao (Independent Director)
		:	Syed Anis Hussain (Independent Director)
		:	Pamula Latha (Independent women director) (Appointed w.e.f. Feb 14, 2019)
(b)	**Relative of Key Management personnel**	:	A. Mutya Bai (Relative of two directors)
		:	A. Ashok Kumar (Relative of Naresh Kumar Adusumilli)

(c) Transactions with Related Parties:

	March 31, 2019		March 31, 2018	
	Amount	Outstanding Receivable / (payable)	Amount	Outstanding Receivable / (payable)
Key Management Personnel:				
Managerial Remuneration and Short term employee benefits	16,073,065	(2,748,779)	15,785,177	(13,936,612)
Sitting Fees paid	437,000	-	786,000	-
Lease Rent	583,200	(218,700)	583,200	(3,878,280)
Rent Deposit	-	1,215,000	-	1,215,000
Relatives of Key Management Personnel:				
Lease Rent	1,367,150	(6,127,873)	1,984,200	(5,696,996)
Rent Deposit	-	1,989,000	-	1,989,000
Advance (on account of pledged shares forfeited by IFCI)	2,923,422	(2,923,422)	-	-

Notes to the Financial statements

(Amounts in ₹)

(d) Information Regarding Significant Transactions

(Generally in excess of 10% of the total transaction value of the same type)

	March 31, 2019 Amount	March 31, 2018 Amount
Managerial Remuneration and Short term employee benefits:		
- Naresh Kumar Adusumilli	**6,000,000**	5,705,513
- Shailendra Dasari	**4,575,000**	5,160,000
- Shivaji Rao Adusumilli	**5,498,065**	4,919,664
Sitting Fees paid:		
- Kolappa Thanu Pillai	**124,000**	134,000
- Syed Anis Hussain	**202,000**	419,000
- Srinivas Narayana Rao	**99,000**	89,000
- Pamula Latha	**12,000**	-
- Prameela Rani	**-**	72,000
- M.Sree Rama Mohan Rao	**-**	72,000
Advance taken:		
- A. Mutya Bai	**2,923,422**	-
Lease Rent :		
- Naresh Kumar Adusumilli	**583,200**	583,200
- A. Ashok Kumar	**475,200**	1,000,800
- A. Mutya Bai	**891,950**	983,400

(e) Remuneration to Key Managerial personnel:

The remuneration of key managerial personnel is determined as per the limits prescribed under Schedule V of the Companies Act, 2013 in case of inadequate profits.

(f) Terms and Conditions:

(i) Transactions relating to dividends were on the same terms and conditions that applied to other stake holders.

(ii) All outstanding balances are unsecured and repayable in cash.

Note 32: Disclosure as required under INDAS 108 - Operating Segments :

Operating Segments:

1. Ferrous Products, which includes Pig Iron & Ductile Iron Pipes
2. Metallurgical Coke with Co-generation Power

Identification of Segments:

The Managing Director has been identified as being Chief Operating Decision Maker (CODM). The CODM monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit and loss of the segment and is measured consistently with profit or loss in the financial statements. Operating segments have been identified on the basis of the nature of products for which discrete financial information is available.

Segment revenue and results :

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure (net of unallocable income).

Segment assets and liabilities:

Assets used by the operating segment and mainly consist of property plant and equipment, trade receivable, cash and cash equivalents and inventories. Segment Liabilities include trade payables and other liabilities. Common assets and liabilities which cannot be allocated to any of the segments are shown as a part of unallocable assets/liabilities.

Refer Note no. 33, regarding shut down of operations in Ferrous products division.

Notes to the Financial statements

(Amounts in ₹)

Segment Revenue, Results, Segment Assets And Segment Liabilities:

		As at March 31, 2019	As at March 31, 2018
1	**Segment Revenue:**		
	Ferrous Products	**121,672,841**	1,543,939,343
	Metallurgical Coke with Co-generation Power	**4,904,167,632**	1,199,185,631
	Total	**5,025,840,473**	2,743,124,974
	Less: Inter Segment Revenue	**40,471,420**	255,816,808
	Sales/Revenue From Operations	**4,985,369,053**	2,487,308,166
2	**Segment Results:**		
	Ferrous Products	**(541,221,720)**	(1,135,012,122)
	Metallurgical Coke with Co-generation Power	**264,317,014**	(553,736,488)
	Total	**(276,904,706)**	(1,688,748,610)
	Less : Other un-allocable expenditure	**4,495,206**	6,101,401
	Total Segment results before interest and tax	**(281,399,912)**	(1,694,850,011)
	Finance Costs (Net)	**1,697,978,791**	1,368,793,128
	Loss before exceptional item and tax	**(1,979,378,703)**	(3,063,643,139)
	Exceptional item	**298,397,641**	-
	Loss before tax	**(2,277,776,344)**	(3,063,643,139)
	Tax	**-**	-
	Net Profit/(Loss) after tax	**(2,277,776,344)**	(3,063,643,139)
	Other Comprehensive Income (Net of Tax)	**8,621,661**	12,982,864
	Total Other Comprehensive Income	**(2,269,154,683)**	(3,050,660,275)
3	**Segment Assets:**		
	Ferrous Products	**5,686,228,293**	5,929,715,326
	Metallurgical Coke with Co-generation Power	**3,864,651,246**	4,176,460,181
	Total	**9,550,879,539**	10,106,175,507
	Segment Liabilities:		
	Ferrous Products	**7,719,410,915**	6,489,136,537
	Metallurgical Coke with Co-generation Power	**5,627,177,903**	5,137,646,378
	Total	**13,346,588,818**	11,626,782,915
	Unallocated (Net)	**42,367,417**	36,420,229
	Total	**(3,753,341,862)**	(1,484,187,179)

Note 33: Going Concern:

As at March 31, 2019, the company had negative other equity of Rs. 4,26,23,41,862/- and the company incurred losses during the preceding three years. The company has delayed payment of loans and interest and loan accounts have been classified as non-performing assets by banks. Due to tight cash flows and non-availability of working capital limits the operations at ferrous division have been impacted and the plant was under shut down since 12th June 2017. The operations at Kudithini works too were impacted where Metallurgical Coke facility is running at sixty percent capacity and power generation is also partially operated. This impact is likely to continue until the restructuring of the debt is done by the financing institution and banks. Notwithstanding the above, the financial results of the company have been prepared on going concern basis as management believes that the shortage of working capital funds will be temporary and lenders will consider the request for deep restructuring of the debt and arrive at the resolution plan at the earliest. The request of the company with the secured lenders is under process. The Company views that the deep restructuring will help to restart and establish profitable operations of the company and it would be able to meet commitments and reduce debt. The auditors of the company had drawn an emphasis of matter relating to "Material uncertainty related to Going Concern" in the audit report for the year in this regard.

Notes to the Financial statements

(Amounts in ₹)

Note 34: Loss per share (EPS):

		March 31, 2019	March 31, 2018
(a)	**Basic EPS:**		
	Basic loss per share attributable to the equity holders of the company	**(44.75)**	(60.19)
(b)	**Diluted EPS:**		
	Diluted loss per share attributable to the equity holders of the company	**(44.75)**	(60.19)
(c)	**Reconciliation of earnings used in calculating earnings per share:**		
	Basic earnings per share:		
	Loss attributable to the equity holders of the company used in calculating basic earnings per share	**(2,277,776,344)**	(3,063,643,139)
	Diluted earnings per share:		
	Profit/(Loss) attributable to the equity holders of the company used in calculating diluted earnings per share	**(2,277,776,344)**	(3,063,643,139)
(d)	**Weighted average number of shares used as the denominator:**		
	Weighted average number of equity shares used as the denominator in calculating basic earnings per share	**50,900,000**	50,900,000
	Adjustments for calculation of diluted earnings per share	**Nil**	Nil
	Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	**50,900,000**	50,900,000

Note 35: Assets pledged as security:

The carrying amounts of Company's assets pledged as security for current and non current borrowings are:

	March 31, 2019	March 31, 2018
Working capital loans from banks (Secured):		
First charge on current assets:		
Financial asset	**795,574,644**	985,282,258
Non-financial asset	**1,012,973,860**	927,848,041
Second charge on fixed assets:		
Fixed assets	**7,644,916,690**	8,090,346,915
Towards current borrowings	**9,453,465,194**	10,003,477,214
Non current borrowings (Secured):		
First charge on fixed assets:		
Fixed assets	**7,644,916,690**	8,090,346,915
Second charge on current assets:		
Financial asset	**795,574,644**	985,282,258
Non-financial asset	**1,012,973,860**	927,848,041
Towards non current borrowings	**9,453,465,194**	10,003,477,214

Note 36: Note on Balances (In response to qualification of audit report) :

Trade receivables, supplier advances, capital advances and other financial assets as at March 31, 2019 includes of Rs 44,27,13,012/-, Rs.4,40,12,281/-, Rs 2,15,30,656/- and Rs. 3,21,56,145/- respectively due for a period of more than one year for which no provision has been made in the books of account, as the management considers these receivables as good and recoverable. The management assesses the recoverability of trade receivables on regular basis and there is no uncertainty at present on recoverability of these receivables. legal cases were preferred where required to ensure recoverability. Based on the

review during the year Rs 40,20,000/- were written off as bad debts, with regard to other long outstanding capital advances, supplier advances and other financial assets management is confident of recoverability and no provision at present is required to be made. This was also subject matter of qualification in the audit report for the year ended March 31, 2019.

Confirmation letters have been issued in respect of trade receivables and other receivables, loans and advances and trade payables and other payables of the company. Balances where confirmations are not forthcoming such balances are subject to reconciliation and consequential adjustment required, if any, would be determined/made on receipt of confirmation. However, in the opinion of the Board, assets other than Fixed Assets and non-current investments have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated and provision for all known liabilities have been made.

Note 37: Note on Statutory liabilities (In response to qualification of audit report):

Statutory liabilities as at March 31, 2019 amounting to Rs. 4,90,45,618/- lakhs related to Income tax, Employee's provident fund, Employee state insurance act and professional tax, have become overdue and remaining unpaid. This is because of the tight working capital situation faced by the company , and expects to pay by June 2019.

Note 38: Exceptional Items

The management of the company had accounted Rs 29,83,97,641/- lakhs as inventory loss, which is identified based on the physical verification conducted during the year end. Management identified the reasons as excessive coking time, Moisture losses, transit losses and ground losses at port and plant incurred over a period of time.The auditors of the company had drawn an emphasis of matter in the audit report for the year ended March 31, 2019.

As per our report of even date

For MAJETI & CO.
Chartered Accountants
Firm's registration number: 015975S

Kiran Kumar Majeti
Partner
Membership Number: 220354

Place : Hyderabad
Date : May 30, 2019

For and on behalf of the Board of Directors

K. Thanu Pillai
Chairman
DIN: 00123920

A.S. Rao
Executive Vice Chairman
DIN: 00899415

V.S.R.K. Hanuman
Chief Financial Officer

A. Naresh Kumar
Managing Director
DIN: 00112566

A. Sainath
Company Secretary

CODE OF BUSINESS CONDUCT AND ETHICS

INTRODUCTION:

1.1 Good business and good ethics are identical if viewed from moral, legal and practical stand points. As we understand, ethics is the discipline dealing with what is good and bad, or right or wrong or with moral duty and obligation. Viewed from this sense of understanding, business ethics is the application of ethical principles to business relationships and activities. The trust and respect of all stakeholders are biggest assets which cannot be purchased but earned. Therefore, the business of a corporate must be conducted according to the highest ethical standards.

1.2 This Code is aimed at adding ethics to the business curriculum. The present written Code of Business Conduct and Ethics is expected to make the users ethically sensitized and would improve the business practices. When confronted with ethical dilemmas, this Code is expected to offer some guidance in resolving them and therefore, the users are encouraged to review and imbibe the same in their day to day functioning.

1.3 This Code is only a guidance note and is not exhaustive. The users may well take this as a basic and minimum discipline for taking any business decision or conduct of business. The users are always encouraged to follow any improved set of ethical standards in the given circumstances and set an example for others and thus represent our business as a role model.

POLICY STATEMENT:

2.1 This Code of Business Conduct and Ethics (herein after referred to as "Code") embodies the commitment of Sathavahana Ispat Limited to conduct our business in accordance with highest standards of ethics and with all applicable laws, rules and regulations. This Code forms an integral part of the Corporate Governance policy of the Company and all the members of the Board of Directors and Senior Management must adhere to the policy of Corporate Governance and the present Code in its true spirit. The members of the Board of Directors and Senior Management are expected to and advised to follow the principles and procedures set forth in this Code in their respective functioning and thus set highest ethical standards in their business and personal dealings.

OBJECTIVE:

3.1 In line with the avowed policy on Corporate Governance, the objective of this Code is to bring in highest standards in the conduct of Company's business while ensuring honesty and integrity in managing the affairs of the Company. The Code is aimed at providing accountability, transparency and control systems and encourages value creation. We, at Sathavahana Ispat Limited believe that we are the trustees of all the stakeholders involved in the Company and in terms of this trusteeship, we should strive hard to protect and further the interest of our stakeholders in perpetuity.

AUTHORITY:

4.1 The Board of Directors of the Company is the authority for setting the standards of the Code. Should there arises a need for review, refinement, improvement, modification and update of the Code, the Board of Directors of the Company is alone empowered to do so on a periodical basis while ensuring its continuing relevance, effectiveness and responsiveness to the needs of all stakeholders as also to reflect corporate, legal and regulatory developments.

4.2 It is the intention of the Company that this Code will also be The Code of Conduct and Ethics for the Board of Directors and Senior Management stated in the listing requirements of clause 49 of the Listing Agreements entered into by the Company with the Stock Exchanges where the Company's equity shares are listed.

4.3 In the event of any difficulty in understanding and interpretation of the Code, the Board of Directors shall be the sole authority to clarify and apply the meaning to the issue on hand.

APPLICATION:

5.1 This Code shall apply to all the Board of Directors of the Company irrespective of executive and non-executive directors. This Code shall also apply to all the Senior Management of the Company covering all functional heads upto the level of Managers. Each person covered by the Code shall submit a signed annual declaration to the Company certifying therein, interalia, the compliance of the Code.

DISCLOSURE:

6.1 It is the intention of the Company that this Code shall be included in the next annual report of the Company to the shareholders as an exhibit to the report on Corporate Governance and be included so thereafter as may be decided by the Board of Directors in every annual report of the Company to the shareholders. The Code be also posted and maintained on the website of the Company, as and when the Company hosts its website.

6.2 The Managing Director in his capacity as Chief Executive Officer of the Company shall make an annual statement in the Annual Report of the Company addressed to all stake holders to the shareholders that all the Directors and Senior Management of the Company has complied with the standards of the Code and a certificate from every person affirming the compliance has been obtained.

6.3 Any update and modification to the Code shall be promptly disseminated and notified to all the members

of the Board of Directors and senior management of the Company and so also to the Stock Exchanges where the equity shares of the Company are listed.

STANDARDS:

7.1 Fiduciary duty and Conflict interest:

7.1.1 Directors and Senior Management owe a fiduciary duty to the Company to act always in the best interests of the Company and have a bounden duty to advance its legitimate business interests to itself whenever the opportunity to do so arises and must avoid any situation in which personal interests conflict or have potential of conflict with the Company interests.

7.1.2 Directors and Senior Management are prohibited from taking any benefit or advantage for themselves or through a third party entity where they have a direct or indirect relation, any corporate or business opportunity that is discovered through the use of Company's property, information or position unless Company itself has been given or afforded a first right of opportunity or option to take advantage of such opportunity and /or refusal and the Company has turned down such opportunity or option and refused to take such opportunity. Directors and Senior Management should desist from taking any personal gain, directly or indirectly through any related party, out of any corporate or business opportunity which otherwise would have genuinely belonged to the Company by virtue of deployment of its resources.

7.1.3 In the event of any conflict of interest in a particular situation, the proper course would be to have an approval of the Board of Directors of the Company beforehand. Where any personal benefit or gain made or accrued out of any corporate or business opportunity in which Company's property or services were used, the Directors and Senior Management must promptly account for such benefit or gain to the Company.

8.1 Confidentiality:

8.1.1 All confidential information concerning the Company is the property of the Company and must be closely guarded and / or protected and shall not be disclosed to any third party save and except mandated to do so by Law or authorized by the Company.

8.1.2 Confidential information concerning Company include possible / future business opportunities, customer and supplier data or profile, financial performance, unpublished financial information and / or financial data, unpublished securities information, technology and technical information, technical advancements, patents, trademarks, copy rights or any other information, expertise, knowledge which are in the exclusive domain of the Company.

8.1.3 Directors and Senior Management are prohibited from disclosing or using the same for personal gain any confidential information concerning the Company, which they acquire in the course of their association / employment with the Company. Such prohibition shall extend not only to work place but also to any other outside place and covers a period of say, one year after their dis-association or cessation of employment with the Company.

9.1 Insider Trading:

Trading of Securities of the Company on the basis of confidential information acquired through your association /employment with the Company is restricted and / or prohibited.

9.2 Directors and Senior Management are bound by Securities and Exchange Board of India's (SEBI's) Insider Trading Regulations and Company's policy thereof. Directors and Senior Management are accordingly restricted from dealing in the Company's securities based on the unpublished price sensitive information concerning the Company during the opening of 'Window' period as provided in the above Regulations. Directors and Senior Management are strictly prohibited from dealing in the Company's securities based on any unpublished price sensitive information.

9.3 Any clarifications in this regard Director/Senior Management may always take assistance from Company Secretary and Compliance Officer of the Company.

10.1 Protection of Company's Assets:

10.1.1 Protection of Company's Assets is of paramountimportance and it is our duty to protect Company's Assets and also put the same to proper use.

10.1.2 Company's assets are exclusive property of the Company and they are to be used solely for legitimate business purposes of the Company only. Directors and Senior Management in their capacities as 'trustees' of the Company's properties shall always endeavor to protect the Company's assets and also bound to put the same to proper use.

10.1.3 Company's assets should not be used for personal purposes both in the course of employment or association and after cessation of employment or association with the Company.

11.1 Compliance with Laws and Regulations:

11.1.1 The Company seeks to comply in letter and spiritwith all applicable laws and regulations in force and at all times and wherever operated.

11.1.2 Company's business is guided by several laws and regulations some of which are stringent. Directors and Senior Management must endeavor to comply with all the applicable laws and regulations with respect to conduct of Company's business and personal conduct both within and outside work place.

11.1.3 Violation of any laws will attract personal indictment and penalties, and the Company will also similarly be subjected to such penalties. Directors and Senior Management should ensure total compliance of laws and regulations to avoid any such penalties. They should familiarize themselves about the laws of land and keep abreast of all changes / amendments from time to time.

12.1 Fair Business Practice and Dealings:

12.1.1 The Company believes in fair dealings in the conduct of its business and encourages honest business competition.

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

12.1.3 Directorsand Senior Management are discouraged from engaging in unfair methods of competition and unfair or deceptive acts and practices. Directors and Senior Management are also discouraged from taking unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or other unfair dealings.

12.1.4 Directors and Senior Management shall not authorize any third party to represent the Company whose business conduct and ethics are known to be inconsistent with the Code.

12.1.5 Directorsand Senior Management are discouraged from accepting any gifts, contributions, donations other than customary nature from any parties and discourage offering such things to any third parties in the conduct of Company's business.

13.1 Dissemination / Disclosure of Company's Information:

13.1.1 The Company encourages dissemination ordisclosure of timely, accurate and complete information to all stakeholders and law enforcing authorities through proper channel.

13.1.2 The Company is required to disclose information concerning its business affairs from time to time through media, publication, letters, notes, memoranda etc., the object being to keep the stakeholders, law enforcing authorities and public at large informed of the Company's plans, policies, compliances, achievements, accomplishments etc.

13.1.3 Directors and Senior Management should ensure that dissemination / disclosure are time bound, accurate, complete, true and fair. Disclosure / dissemination of non-public information is strictly prohibited. Inter action with media should be only through authorized persons. Information sought by the law enforcing authorities should be furnished as early as possible. All disclosures dissemination of information shall be for and on behalf of the Company.

14.1 Health, safety and Environment:

14.1.1 The Company abides by the health, safety andenvironment norms guidelines and is committed to preserve quality of life of all concerned with Company's business.

14.1.2 Protection / perseverance of health, safety and quality of life of all involved in the business of Company in a conducive external and internal environment is of utmost importance for a sustainable development and therefore deserves highest priority.

14.1.3 Directors and Senior Management shall ensure compliance with the health, safety and environment laws and regulations and strive hard to adopt best practices concerning these issues.

15.1 Reporting violations:

15.1.1 Any activities that are in violation or having potential of violation of the Code should be promptly brought to the notice of the immediate supervisors or to the Chairman of the Board.

15.1.2 All employees are encouraged to report anyviolations or situations having potential of any violation should be brought to the notice of immediate supervisors or to the Chairman of the Company.

15.1.3 Directors / Senior Management should alwayswelcome to receive information about violations of the Code from colleagues and sub ordinates such information and desist from taking punitive or vengeful action or punishment against the reporting employees.

PRODUCT PROFILES



PIG IRON



DUCTILE IRON PIPES



METALLURGICAL COKE



POWER GENERATION

NOTES

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