

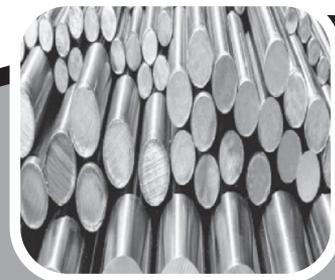
29th ANNUAL REPORT
2015-2016



INDIA STEEL

WORKS LTD

Inner Vision. Global Action.





CORPORATE INFORMATION

CHAIRMAN

Mr. Ashwinkumar H. Gupta

MANAGING DIRECTOR

Mr. Sudhir H. Gupta

DIRECTORS

Mr. Varun S. Gupta - Whole-time Director & CFO
Mr. Anant Badjatya - Nominee Director
Mr. Rahul Yenukar - Whole-time Director
Mr. T. R. Bajalia - Independent Director
Mr. Bimal Desai - Independent Director
Mrs. Kavita R Joshi - Independent Director
Mrs. Riddhi Shah - Independent Director

STATUTORY AUDITORS

Thanawala & company
Chartered Accountants
505, Abhay Steel House, 5th Floor,
22, Baroda Street, Iron Market, Mumbai- 400009

COST AUDITOR

Vishesh Patani
A-102, Aditya CHS, TPS-III, Chikoo wadi,
Borivali (West), Mumbai-400092

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.
C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup
(West), Mumbai- 400078

REGISTERED OFFICE

India Steel Works Complex, Zenith Compound, Khopoli,
Raigad-410203, Maharashtra

MANUFACTURING FACILITY

Zenith Compound, Khopoli, Raigad – 410203,
Maharashtra

CORPORATE OFFICE

1101, Tower 2, India Bulls Finance Centre,
Senapati Bapat Marg, Elphinstone Road (W),
Mumbai-400013

BANKER

Kotak Mahindra Bank Ltd, Lower Parel branch, Mumbai
Dombivli Nagari Sahakari Bank Ltd, Fort branch, Mumbai

WEBSITE

www.indiasteel.in

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CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure in presenting to you the 29th Annual Report of the Company. We had a good year with a Revenue of ₹ 594.36 Crores along with Net Profit of ₹ 4.04 Crores. Company's Net Worth has increased from ₹ 232.99 Crores in FY 2014-15 to ₹ 237.02 Crores in FY 2015-16. Operating Profit (EBITDA) improved from ₹ 28.42 Crores in FY 2014-15 to ₹ 30.04 Crores in FY 2015-16 representing growth of 5.70%.

India Steel's strength and the source of its success is our long-term relationship with our customers, suppliers, employees and associates. We strive to not only meet customers' expectations as they have grown accustomed to a standard of excellence from us, but exceed them in every way. We aim to continuously improve our plants, production capacity and service to keep up with and ahead of the industry. As a result, we are always expanding our product range and increasing volumes.

We bank on stainless steel as the resource of the future. It is an environmentally friendly, recyclable material, and hence light on natural resources as negligible fresh mining is required. The low maintenance, strength and long life of stainless steel make it the preferred material of choice in quality-conscious industries like construction, chemicals, food-processing, electronics and automotive parts.

India is mature in the world stainless steel industry, with ever-increasing product-range & capacities. There is a growing pool of skilled labour and technical staff who are capable of managing metallurgical & process parameters of stainless steel. India Steel Works is poised at the forefront of the Indian stainless steel industry, and its strategic location is perfect for capitalizing on this. The plants, located just outside the thriving hub of Mumbai city, are close to the ports, perfect for international shipment and at the hub of the Indian highway system for domestic transport.

We believe that in staying true to our motto of "Inner Vision. Global Action" we will maintain our relationships with all our stakeholders, grow continuously, and match the world's best in stainless steel.

While our Management team & employees took significant initiatives to improve the operating performance, market challenges offset the benefits of internal improvement efforts leading to significant profit erosion.

Finally, I would like to take this opportunity to thank you as the shareholders of the Company for your support & motivation to the Company during the year. I would also like to thank the lenders, customers, suppliers, various national & provincial governments with whom we have been working and the employees of India Steel group Companies who have stood by the Company & I look forward to their continuous support in the future.

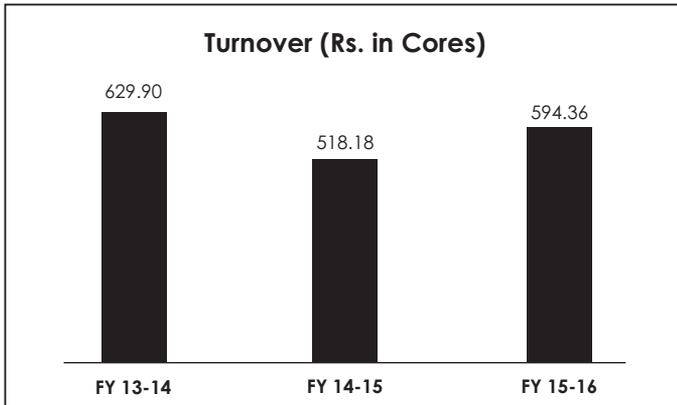
Yours Sincerely,

Ashwinkumar H. Gupta
Chairman
DIN: 00010850

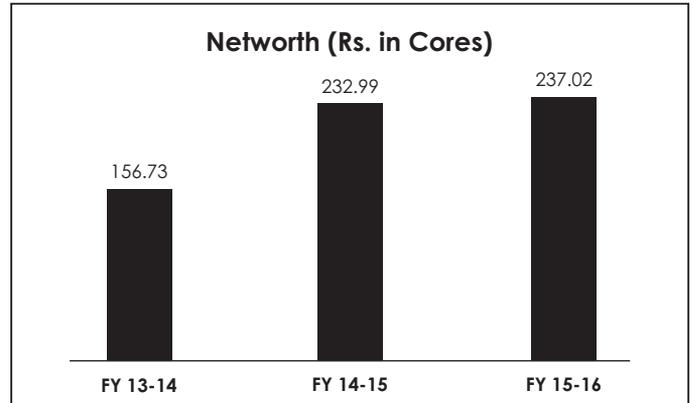


PERFORMANCE HIGHLIGHTS

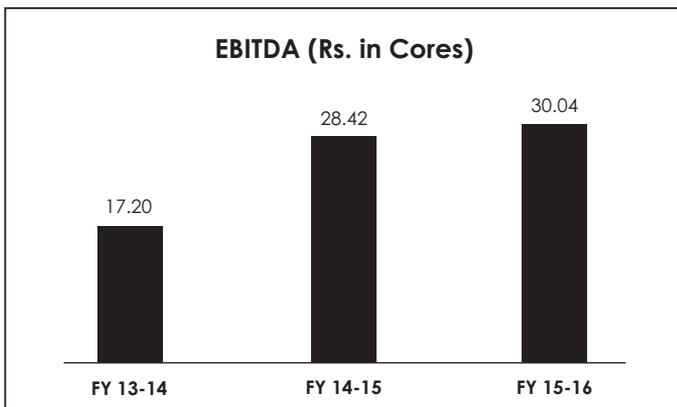
TURNOVER



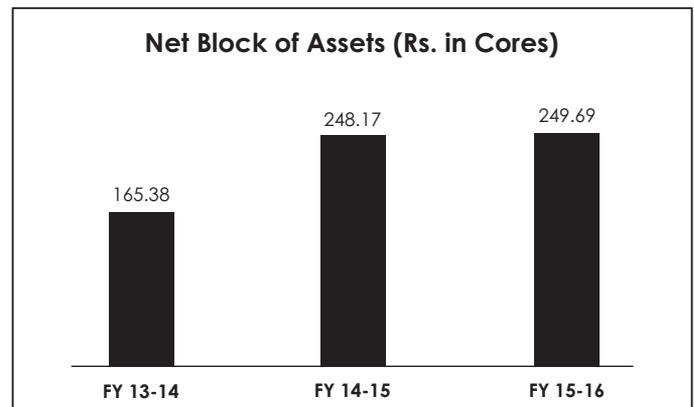
NET WORTH



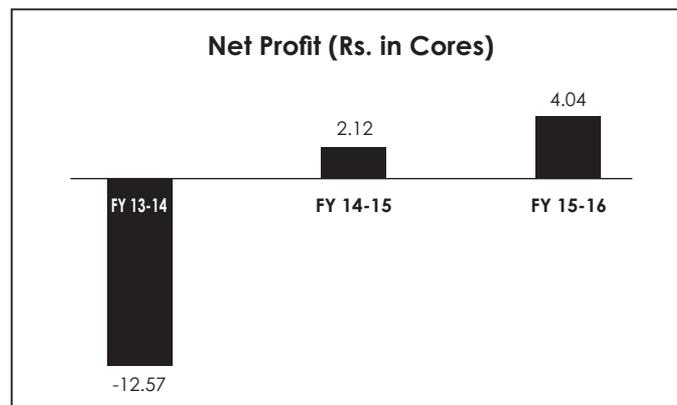
EBITDA



NET BLOCK OF ASSETS



NET PROFIT





MANAGEMENT DISCUSSION AND ANALYSIS

Economic Scenario: Global

The global economic witnessed 3.10% growth in the calendar year (C.Y.) 2015 as against 3.4% in CY 2014. The global economy grew at a sluggish pace in FY 2015-16, especially the fall in oil prices, monetary policy decisions across countries, sharper-than-expected slowdown in the Chinese economy and a volatile financial and political environment in emerging markets. While growth in the developed countries remained modest as the countries struggled to escape the legacies of the financial crisis, weakness in the Chinese economy along with the commodity-price downswing and the US Federal Reserve's move to start raising interest rates, affected the emerging economies around the world. The outlook for global growth remains muted as major macroeconomic realignments are affecting prospects differentially across countries and regions. USA growth is expected to be flat, as the strong domestic demand will be negated by weak external demand and soft oil prices. The economy of the countries in the EU region is recovering at a modest pace, but with a mounting refugee crisis and the UK's vote exit from the European Union, there is a mild risk related to the recovery. A moderate slowdown in China is expected, as excess capacity continues to unwind and the economy rebalances from investment to consumption. During the year, the global economic activities were negatively impacted by a gradual slowdown and rebalancing in china leading to lower investments and negative impact on global trade flows and export dependent economies. Depressed domestic demand with growing disorder of global trade has resulted in increasing trade remedial actions by various economies.

Economic Scenario: India

India's GDP grew by 7.6% in FY 2015-16 primarily aided by policy initiatives of the Government of India, despite contraction of both import & exports and two consecutive years of inadequate rainfall. The Government is focusing on strengthening the economy with various reform measures; and is aiming to improve both social and physical infrastructure in order to set structural drivers for long-term sustainable economic growth. During the year, the economy also benefited from declining fiscal deficit, low Current Account Deficit (CAD), moderating inflation, lower oil prices and an easing interest rate trajectory. These factors are expected to restart the private investment cycle and aid industrial growth in the coming year. The Government's 'Make in India' initiative has also encouraged domestic entrepreneurs to match global best practices and also attracted FDI. The Make in India initiative is expected to help the country emerge as a hub for global manufacturing bellwethers. Government of India recently liberalized the FDI policy in various sectors which will attract further investments in to India. The GDP growth in FY 2016-17 is projected to be at 7.6% and improve marginally in FY 2017-18 to 7.7%. India is expected to remain as one of the fastest growing economies, ahead of China, for the next three years. Several policy measures taken by the Government and RBI, supported by lower Global crude oil prices resulted in growth of overall steel Industries.

- The CAD for the full year 2015-16 came down to \$22.10 BN (1.1% of GDP) from \$26.80 BN (1.3% of GDP) in 2014-15. CAD, the difference between inflow & outflow of Foreign Exchange, has improved in 2015-16 on the back of increase in FDI & contraction in Trade Deficit. Lower oil prices & drop in Gold imports have helped CAD. Buoyed by the CAD nearing surplus for the first time in 9 years, the reduction in CAD is a sign of Economic Health and Government is committed to sticking to its targets.

The Stainless Steel Industry

Stainless steel is a key to enable a sustainable, modern society. It is an advanced material that is efficient, long lasting, self-sanitizing and recyclable: helping to build a world that lasts forever.

WSA has projected Indian steel demand to grow by 6.2% in 2015 and by 7.3% in 2016 as compared to global steel use growth of 0.5% and 1.4% respectively. Chinese steel use is projected to decline in both these years by 0.5%

The Indian steel industry is the third largest producer of crude steel in 2015 against its 8th position in 2003. Also the country is third largest consumer of finished steel in the world preceded by China and the USA. The total steel demand stood at 80 million tonnes growing at 4.5% over the previous year. During the year, India continued to witness significant level of imports to the tune of 10 million tonnes as against 13 million tonnes last year, while initiatives like the safeguard duty and minimum import price have provided some relief to predatory pricing being followed by the exporting countries.

During the year, global steel demand stood at 1.5 billion tonnes, a decline of approximately 2.5% compared to the previous year. The demand of steel in China was also reduced as compared to previous Financial Year. Considering the current scenario in Steel Industry it seems the demand may fall in Financial Year 2016-17. Also, the demand was significantly lower in other countries such as – Brazil, USA, Russia etc.

Steel demand in Europe grew by 2.3% to 150 metric tonnes (2014: 4.7%), mainly due to growth in the automotive sector. In 2015, the EU became a net importer of steel, for the first time since 2008. The increase was mainly fulfilled by imported steel from China.

Megatrends driving demand:

- Economic and population growth
- Mobility and Urbanization
- Climate Change and Limited Resources



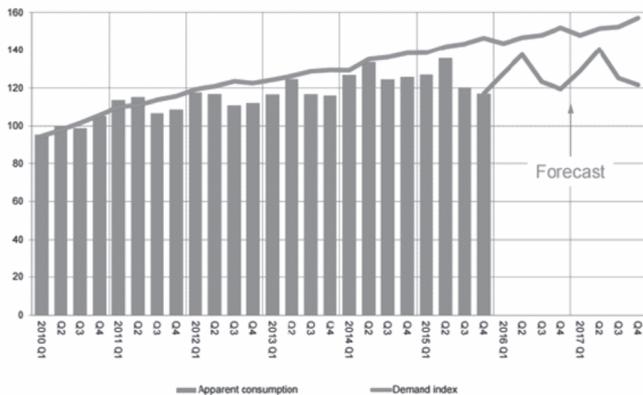
Key Customer Industries:

- Consumer Goods and Catering Industry
- Automotive and Transport Industry
- Mechanical & Plant Engineering
- Power Generation
- Chemical Industry
- Medical Equipment
- Architecture and Building Industry
- Heavy Industries
- Aviation Industry
- Food & Packaging
- Structural & Civil engineering
- Hydraulic elements
- Bright Bar Industry
- Fasteners Industry
- Forging Industry
- Capital Goods Industry

World Stainless Steel Long Products Market:

Stainless steel long product consumption & demand index development [2010 = 100]

Source: ISSF, 30/05/2016



FINANCIAL PERFORMANCE

During the year the company achieved a Revenue of ₹ 594.36 Crores along with Net Profit of ₹ 4.04 Crores. Company's Net Worth has increased from ₹ 232.99 Crores in FY 2014-15 to ₹ 237.02 Crores in FY 2015-16. Operating Profit (EBITDA) improved from ₹ 28.42 Crores in FY 2014-15 to ₹ 30.04 Crores in FY 2015-16 representing growth of 5.70%. EBITDA has improved significantly on account of effective capacity utilization. The organization has applied to various financial institutions and Banks for enhancing working capital facilities to support operations & in order to achieve optimum capacity utilization.

RISK & OPPORTUNITIES

India Steel Works is exposed to risk and opportunities in equal measures. The company has a robust Enterprise Risk Management (ERM) framework, that allows the organization to take certain risk in order to be competitive and to mitigate other risk to drive sustainable results. By identifying and proactively addressing risk and opportunities, stakeholder value is protected at all times. We do address the risk related to strategy, operational, financial and legal.

The main competitive strength of the company:

- Promoters have more than 50 years of experience in the same line of business.



- Company has large customers base in PAN India basis.
- Company has large variety of products in various length and sizes in Billets, Angles, Wire Rods, Wire and Bright Bars.
- High quality products accepted by customers over 50 year and growing acceptability in the quality conscious markets.
- Integrated facilities accredited with quality and ISO certifications such as ISO 9001:2008, TUV NORD, Germany in September 2004 and SIRIM International by Govt. of Malaysia.
- Excellent strategic management in procurement of imported stainless steel Scrap, Alloys and allied materials.
- Cost competitive with good operational efficiency.
- Skill work force with industry expertise with long years of experience.
- All downstream and upstream product lines are consolidated.
- Consistent and growing demand from overseas clients.

Opportunities:

- To take advantage of the various initiatives taken by the Government in FY 2016.
- Export potential in traditionally overlooked markets.
- Government is taking many steps to increase per capita consumption of stainless steel products.
- With the Government of India's emphasis on the substitution of imported goods to reduce import bills, sectors such as Transportation (Railways), Aerospace etc are expected to rely on Indian companies and domestic expertise for procurement.
- Growth in infrastructure and automobile sector.
- Availability of Bank finance providing liquidity for import and capacity utilization.

CREDIT RATING

During Financial year 2016, Dun & Bradstreet (D&B) has rated

During Financial year 2016, the Credit Analysis and Research Limited, assignment rating of CARE BB+ for long term bank facilities.

INTERNAL CONTROLS

The Company has proper and adequate systems of internal control that provides assurance on the efficiency of operations and security of assets. An independent Internal Audit setup is in place, commensurate with the size of operations of the Company. An Annual Audit plan is followed approved by Audit committee.

Further Company is in the process of implementing Enterprise Resource Planning (ERP) at all its plants covering all its businesses, planning and accounting processes. This will help Company to increase the operational efficiency and cost effectiveness of overall operational controls.

MATERIAL DEVELOPMENT IN HUMAN RESOURCES

In the year under review, the overall industrial relations have been cordial and conducive to work. The Company recognizes the value and contribution of its employees and earnestly endeavors to create a responsive organization with emphasis on performance with responsibility and accountability. Continuous appraisal of the competencies of the personnel in line with job requirements is carried out to facilitate higher levels of output and productivity.

DISCLAIMER

This discussion and analysis have been provided with a view to enable shareholders with a better understanding of the performance of the Company. In certain areas the discussion may cover strategic decision and management expectations from the same. Such forecasts should not be construed as a guarantee of performance and actual results may differ significantly depending upon the operating conditions and external environment.

**DIRECTORS' REPORT**

Dear Members,

Your Directors present their 29th Annual Report and the Company's Audited Accounts for the financial year ended 31st March, 2016.

1. FINANCIAL HIGHLIGHTS

The summarized financial results of the Company for the financial year 2015-16 are given hereunder:

(₹ in Lakhs)

| Particulars | Year ended 31.3.2016 | Year ended 31.3.2015 |
|--|----------------------|----------------------|
| Sales including excise duty/Income including Job work operations | 58388.74 | 51296.63 |
| Operating Profit (EBITDA) | 3003.65 | 2841.59 |
| Finance Costs | 985.72 | 1102.95 |
| Provision for Depreciation | 1791.98 | 1530.88 |
| Profit / (Loss) before tax & exceptional items | 225.95 | 207.76 |
| Current tax | 178.03 | 4.30 |
| Profit / (Loss) after Tax | 403.99 | 212.06 |
| Brought forward profit/ (loss) from last year | (19524.69) | (19736.75) |
| Exceptional Items | - | - |
| Balance carried forward to Balance Sheet | (19121.47) | (19524.69) |

2. OPERATIONS

During the year under review, the gross revenue increased to ₹ 58,388.74 lakh as against ₹ 51,296.63 lakh in the previous year by 13.82% mainly due to focus on production activities, operating profit (EBITDA) improved to ₹ 3,003.65 Lakh as against ₹ 2,841.59 Lakh in the previous year by 5.70%. The profit after tax for the year was ₹ 403.99 lakh as against ₹ 212.06 lakh in the previous year, indicating an increased of 47.51%.

3. DIVIDEND

Keeping in view the need for strengthening financial soundness of the company and considering accumulated losses, the Directors regret their inability to declare any dividend on Equity Shares of the Company during the year under review. However, the Company has paid interim dividend on its preference share.

4. FINANCE**(i) Share Capital**

The paid-up Equity Share Capital as on 31st March, 2016 was ₹ 3,980.80 Lakh. During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

(ii) Fixed Deposits

The Company has not accepted any deposits from the shareholders or public under applicable provisions of the Companies Act 2013 or rules made there under.

(iii) Particulars of loans, guarantees or investments

The company has not provided any loan or guarantee directly or indirectly to any person or body corporate, during the year under review. The Company also has not invested in the securities of any other Company during the year under review.

5. CORPORATE SOCIAL RESPONSIBILITY

The Company believes in development which is beneficial for the society at large and to practice the corporate values through commitment to grow in socially and environmentally responsible way while meeting the interest of our stake-holders. During the year, the Company voluntarily has undertaken CSR initiatives and contributed ₹ 3,80,200/- for educational support to underprivileged students from poor town, remote rural and conflict afflicted communities in Khopolii Town area. Distribution of books & note books, scholarship to brilliant students etc.

**6. VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 18(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Whistle-Blower Policy, whereby employees are free to report violations of laws, rules, and regulations, or unethical conduct to the Audit Committee. The details of the Whistle Blower Policy are explained in the Corporate Governance Report and also posted on the website of the Company. During the year the Audit Committee has not received any reference under the policy.

7. RISK MANAGEMENT POLICY

The Company has a risk management policy to identify, mitigate elements of risk, if any, which in the opinion of the Board may threaten the existence of the company. The Board of Directors and senior management team assess the operations and operating environment to identify potential risks and take necessary mitigation actions.

8. RELATED PARTIES CONTRACTS OR ARRANGEMENTS:

The Company has made materially significant Related Party Transactions, as approved by the non-interested shareholders at the 28th Annual General meeting of the Company. Further the said material related Party Transactions made during the year under review were on an arm's length basis and in the ordinary course of business. Required disclosures are made in Annexure-D. On the recommendation of the Audit Committee, the Board of Directors has adopted a policy on Related Party Transactions, which is also uploaded on the website of the Company www.indiasteel.in under the head 'Investor Relations' and the weblink is provided in the Corporate Governance Report. The Policy envisages the procedure governing related party transactions required to be followed to ensure compliance with the applicable laws and regulations as well as to ensure that the Related Party Transactions are managed and disclosed in accordance with the legal and accounting requirements.

9. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

10. DIRECTORS**(i) Appointment**

Ms. Riddhi Shah have been appointed as additional Director independent of Management (in the category of Independent Directors) subject to approval of the Share holders of the Company for a period of 5 years with effect from 25th May, 2016. The strategic investor of the company has appointed Mr. Anant Badjatya on the Board of Directors of the company as it's nominee director in place of Mr. Mahesh Sheregar Further the details of the above Directors are given in the Corporate Governance Report as well as in the Notice of the Annual General Meeting.

In accordance with the provisions of the Companies Act, 2013 in accordance with the Articles of Association of the Company Mr. Ashwinkumar H. Gupta & Mr. Varun Gupta retires from office by Rotation, and being eligible, offers themselves as provided in the notice are eligible for reappointment.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16 (1) (B) of SEBI (LODR), 2015.

Attention of the Members is invited to the relevant items in the Notice of the Annual General Meeting seeking your approval to the aforesaid appointments.

(ii) Resignation

Mr. Mahesh Sheregar, has resigned from the office of Director of the Company effective 25th May, 2016. The Board places on record its appreciation of the services rendered by Mr. Mahesh Sheregar during his tenure as a Director.

(iii) Board Evaluation

In compliance with the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Nomination & Remuneration Committee. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

(v) Board Meetings

During the year, four (4) Board Meetings were convened and held. The details are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

**(vi) Nomination & Remuneration Policy**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a Policy for selection, appointment and remuneration of Directors and Key Managerial Personnel in accordance with Section 178 of the Companies Act, 2013. More details of the same are given in the Corporate Governance Report.

(vii) Audit Committee Policy

The Board has, on the recommendation of the Audit Committee, framed a Policy for selection, appointment and remuneration of Statutory Auditors and Internal Auditor in accordance with the Section 177 of the Companies Act, 2013. More details of the same are given in the Corporate Governance Report.

11. DIRECTORS RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of the Section 134(3)(c) of the Companies Act, 2013:

- I. That in the preparation of the annual financial statements for the year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- II. That such accounting policies, as mentioned in the Financial Statements as 'Significant Accounting Policies' have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2016 and of the profit of the Company for the year ended on that date;
- III. That 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. That the annual financial statements have been prepared on a going concern basis;
- V. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- VI. That proper systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

12. AUDITORS**(i) Statutory Auditors & Audit Report**

The Company has received a letter from M/s. Thanawala & Co., Chartered Accountants regarding their eligibility for the appointment as statutory Auditors of the Company. The said auditors were appointed effective Annual General Meeting held on 28th September, 2015 for a period of 3 years subject to ratification at every Annual general meeting. The shareholders at the ensuing annual general meeting will consider ratification of the appointment of the Statutory Auditors.

There is no qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

(ii) Cost Auditors

The Board has appointed M/s. Vishesh N. Patani (Membership No. 30328) cost Accountants, Mumbai for conducting the audit of cost records of the Company for the financial year ending 31st March, 2017. Approval of the members by way of ordinary resolution ratifying the remuneration to be paid to the cost auditors is appropriate and shall be included in the notice calling the Annual general Meeting of the Company.

(iii) Secretarial Auditor & Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Dipti Vartak & Associates, a firm of Company Secretaries in Practice, to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit is annexed herewith as "**Annexure - A**". The qualifications /remarks made by the secretarial auditor addressed herein below:

- a. The Company has appointed the CFO in the Board Meeting dated 25th May, 2016 subject to approval of members in the Annual general meeting.



- b. The Company has appointed Ms. Riddhi Shah as an Independent Director on its Board of Directors with effect from 25th May, 2016.

13. INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY

Kindly refer to the write-up in the section Management Discussion and Analysis.

14. EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 annexed as **Annexure-B** forms part of the Board's report.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has adopted the generally accepted technology for its products. Particulars regarding conservation of energy foreign exchange earnings and outgo are given in **Annexure – C** as required under The Companies Act, 2013 read with The Companies (Accounts) Rules, 2014 and forms part of this report.

16. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. No complaints pertaining to sexual harassment were received during FY 2015-16.

17. MANAGEMENT DISCUSSION AND ANALYSIS

A detailed section on the Management Discussion and Analysis forms part of this Report.

18. CORPORATE GOVERNANCE

The Company has implemented the provisions of chapter iv of SEBI (LODR), 2015. relating to the Corporate Governance requirements. A Report on Corporate Governance, the Report of Auditors Certificates thereof are given as annexure to this report.

19. PARTICULARS OF EMPLOYEES

During the year under review, the Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are annexed as Annexure F

20. INDUSTRIAL RELATIONS

During the year under review, industrial relations at the Company's unit continued to remain cordial and peaceful.

21. ACKNOWLEDGEMENTS

The Directors express their appreciation for co-operation and encouragement received from all the Shareholders, Business Associates, Dealers, Insurers, vendors, investors and bankers during the year. The Directors also place on record their appreciation of the contribution made by our employees at all levels. Our consistent growth was made possible by their hard work, solidarity, cooperation and support.

For and on behalf of the Board of Directors of

INDIA STEEL WORKS LIMITED

Place: Mumbai
Date: 25th May, 2016

Ashwinkumar H. Gupta
Chairman
DIN: 00010850



Annexure-A

SECRETARIAL AUDIT REPORT**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016**

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

To,

The Members,

India Steel Works Limited

1101, 11th Floor, Tower 2,
S.B.Marg, Elphinstone Road,
Mumbai-400013

Dear Sirs,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by **M/s. India Steel Works Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's Books, Papers, Minutes 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, I hereby report that in my opinion, the Company has, during the financial year ended 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder for specified sections notified and came into effect from 12th September, 2013 and sections and Rules notified and came into effect from 1st April, 2014 except following:
 - (a) *The Company is in process of appointment of Chief Financial Office (CFO) – one of the key Managerial Personnel (KMP) as per Section 203 of the Companies Act, 2013 read with the relevant rules.*
- (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 and Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Regulations, 1999, and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 notified on 28th October 2014 (not applicable to the Company during the Audit period);
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (not applicable to the Company during the Audit period);
 - f. The Securities and Exchange Board of India (Registrar to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client,



- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (not applicable to the Company during the Audit period), and;
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (not applicable to the Company during the Audit period)
- (vi) For the other applicable laws, our Audit was limited to
- a. The Factories Act, 1948
 - b. The Minimum Wages Act, 1948
 - c. The employees Provident Funds and Misc. Provisions Act, 1952
 - d. The payment of Bonus Act, 1965
 - e. The payment of gratuity Act, 1972
 - f. The Contract labour (Regulation and Abolition) Act, 1952
 - g. The Industrial Employment (Standing Orders) Act, 1946
 - h. The Employees Compensation Act, 1923
 - i. The Apprentices Act, 1923
 - j. The Air (Prevention and control of pollution) Act, 1981
 - k. Industrial Disputes Act, 1947

I report that, based on the information provided by the Company, its Officers and authorized representatives during the conduct of the audit, and also on the review of Certificates by respective department Heads/ Company Secretary/ CEO. In my opinion, adequate systems and processes and control mechanism exists in the Company to monitor and ensure compliances under other applicable Acts, Laws and Regulations to the Company.

I further report that, the compliance by the Company of applicable financial laws like Direct and Indirect Tax laws has not been reviewed in this Audit since the same have been subject to review by Statutory financial Audit and other designated professionals.

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

- a. Secretarial Standards issued by The Institute of Company Secretaries of India; and
- b. The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited. During the period under review, the Company has complied with the provisions of the Act, Rules, regulations, Guidelines, Standards etc. mentioned above subject to the above observations.

I further report that:

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors *except that with regard to the requirements of having at least one half of the board of Directors comprising of Independent Directors in terms of Paragraph II A of the listing Agreement and Section 149 (4) of the Companies Act, 2013.* The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

I further report that, as per information provided the Company has generally given adequate notice to all directors to schedule the Board Meetings and agenda were sent at least seven days in advance.

I further report that, as per the information provided and as per minutes of the meeting duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting members' views, have been recorded.

I further report that subject to above observations, 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.

I further report that the management is responsible for compliance of all business laws and other applicable laws. This responsibility includes maintenance of Statutory register/files as required by the concerned authorities and internal control of the concerned department.



I Further report that during the year under review, the Company has no specific Public Issue/ Right Issue/Preferential issue of Shares/ Debentures/Sweat Equity/Redemption/ Buy-Back of Securities/ Merger/ Amalgamation/ Reconstruction/ Foreign Technical Collaborations.

**For Dipti vartak & Associates
Company Secretaries**

**Dipti Vartak
Proprietor**

(ACS-23882 & COP-8579)

Date: - 25th May, 2016

Place: - Mumbai

Annexure - I

To,

The Members,

INDIA STEEL WORKS LIMITED

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

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process 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 the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, 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 the Management. My 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 with which the management has conducted the affairs of the Company.

**For Dipti vartak & Associates
Company Secretaries**

**Dipti Vartak
Proprietor**

(ACS-23882 & COP-8579)

Date: - 25th May, 2016

Place: - Mumbai

**Annexure-B**

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31st March,2016

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN:-: L29100MH1987PLC043186
- ii) Registration Date : 15th April,1987.
- iii) Name of the Company: India Steel Works Limited
- iv) Category / Sub-Category of the Company: Listed Public Limited Company
- v) Address of the Registered office and contact details: Zenith Compound Khopoli,Raigad-410203, T:+91 2192 265 812 F:+91 2192 264 061; Email: cosec@iswl.in,
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:
LINK INTIME INDIA PVT LIMITED
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai-400 078
Email ID: rnt.helpdesk@linkintime.co.in
Phone: 022 25946970, Fax : 022 25946969
Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sl. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Manufacturing of metal and metal products | C7 | 69.13% |
| 2 | Trading | G2 | 30.87% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -NIL**IV. SHARE HOLDING PATTERN**

(Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

| Category of Shareholders | Shareholding at the beginning of the year: 01.04.2015 | | | | Share holding at the end of the year : 31.03.2016 | | | | % change during the year |
|--------------------------------|--|----------|-----------|-------------------|---|----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual/HUF | 11271377 | 0 | 11271377 | 2.83 | 11271377 | 0 | 11271377 | 2.83 | 0.00 |
| b) Central Govt.or State Govt. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corporates | 186622650 | 700000 | 187322650 | 47.06 | 186622650 | 700000 | 187322650 | 47.06 | 0.00 |
| d) Bank/FI | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any other | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL:(A) (1) | 197894027 | 700000 | 198594027 | 49.89 | 197894027 | 700000 | 198594027 | 49.89 | 0.00 |



| Category of Shareholders | Shareholding at the beginning of the year: 01.04.2015 | | | | Share holding at the end of the year : 31.03.2016 | | | | % change during the year |
|---|--|----------|-----------|-------------------|---|----------|-----------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| (2) Foreign | | | | | | | | | |
| a) NRI- Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Other Individuals | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| c) Bodies Corp. | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Banks/Fl | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| e) Any other... | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (A) (2) | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total Shareholding of Promoter (A)= (A)(1)+(A)(2) | 197894027 | 700000 | 198594027 | 49.89 | 197894027 | 700000 | 198594027 | 49.89 | 0.00 |
| B. PUBLIC SHAREHOLDING | | | | | | | | | |
| (1) Insitutions | | | | | | | | | |
| a) Mutual Funds | 0 | 3600 | 3600 | 0.00 | 0 | 3600 | 3600 | 0.00 | 0.00 |
| b) Banks/Fl | 7812075 | 400 | 7812475 | 1.96 | 7812075 | 400 | 7812475 | 1.96 | 0.00 |
| c) Foreign Mutual Fund | 14334300 | 0 | 14334300 | 3.60 | 14334300 | 0 | 14334300 | 3.60 | 0.00 |
| d) Foreign Financial Institutions | 0 | 14900 | 14900 | 0.00 | 0 | 14900 | 14900 | 0.00 | 0.00 |
| e) Foreign Institutional Investors | 14334300 | 0 | 14334300 | 3.60 | 14334300 | 0 | 14334300 | 3.60 | 0.00 |
| f) Foreign Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| g) Unit Trust of India | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (B)(1): | 36480675 | 18900 | 36499575 | 9.17 | 36480675 | 18900 | 36499575 | 9.17 | 0.00 |
| (2) Non Insitutions | | | | | | | | | |
| a) Bodies corporates | | | | | | | | | |
| i) Indian | 13858402 | 21950 | 13880352 | 3.41 | 11356375 | 21950 | 11378325 | 2.85 | -0.64 |
| ii) Overseas | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs | 7860076 | 1068955 | 8929031 | 2.24 | 7540055 | 1065405 | 8605460 | 2.16 | -0.08 |
| ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs | 15791264 | 0 | 15791264 | 3.97 | 15762080 | 0 | 15762080 | 3.96 | -0.01 |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians (Repat) | 4554913 | 15700 | 4570613 | 1.15 | 4638474 | 15700 | 4654174 | 1.16 | 0.01 |
| Non Resident Indians (Non Repat) | 304420 | 0 | 304420 | 0.08 | 269024 | 0 | 269024 | 0.06 | -0.02 |
| Foreign Company | 119260000 | 0 | 119260000 | 29.96 | 119260000 | 0 | 119260000 | 29.96 | 0.00 |
| Clearing Member | 10236 | 0 | 10236 | 0.00 | 2515866 | 0 | 2515866 | 0.63 | 0.63 |
| Market Makers | 7529 | 0 | 7529 | 0.00 | 6530 | 0 | 6530 | 0.00 | 0.00 |
| Hindu Undivided Family | 233878 | 0 | 233878 | 0.06 | 535864 | 0 | 535864 | 0.13 | 0.07 |
| SUB TOTAL (B)(2): | 161880718 | 1106605 | 162987323 | 40.94 | 161884268 | 1103055 | 162987323 | 40.94 | 0.00 |
| Total Public Shareholding (B)= (B)(1)+(B)(2) | 198361393 | 1125505 | 199486898 | 50.11 | 198364943 | 1121955 | 199486898 | 50.11 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Grand Total (A+B+C) | 396255420 | 1825505 | 398080925 | 100.00 | 396258970 | 1821955 | 398080925 | 100.00 | 0.00 |



(ii) Shareholding of Promoters

| SI No. | Promoter's Name | Shareholding at the beginning of the year: 1.04.2015 | | | Share holding at the end of the year: 31.03.2016 | | | % 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 | MALIKA SIDDHARTH GUPTA | 5000 | 0.00 | 0.00 | 5000 | 0.00 | 0.00 | 0.00 |
| 2 | PRIYANKA VARUN GUPTA | 5000 | 0.00 | 0.00 | 5000 | 0.00 | 0.00 | 0.00 |
| 3 | VIPIN AGARWAL | 3267 | 0.00 | 0.00 | 3267 | 0.00 | 0.00 | 0.00 |
| 4 | ISINOX STEELS LTD | 250 | 0.00 | 0.00 | 250 | 0.00 | 0.00 | 0.00 |
| 5 | SIDDHARTH GUPTA | 9700 | 0.00 | 0.00 | 9700 | 0.00 | 0.00 | 0.00 |
| 6 | RUCHI V AGARWAL | 12000 | 0.00 | 0.00 | 12000 | 0.00 | 0.00 | 0.00 |
| 7 | ANITA GUPTA | 47000 | 0.01 | 0.00 | 47000 | 0.01 | 0.00 | 0.00 |
| 8 | PRIYA GUPTA | 86060 | 0.02 | 0.00 | 86060 | 0.02 | 0.00 | 0.00 |
| 9 | ISISTAR EXPORTS PVT LTD | 87500 | 0.02 | 0.00 | 87500 | 0.02 | 0.00 | 0.00 |
| 10 | VARUN GUPTA | 204800 | 0.05 | 0.00 | 204800 | 0.05 | 0.00 | 0.00 |
| 11 | ISICOM TRADERS P LTD | 350000 | 0.09 | 0.09 | 350000 | 0.09 | 0.09 | 0.00 |
| 12 | ISISTAR EXPORTS P LTD | 350000 | 0.09 | 0.09 | 350000 | 0.09 | 0.09 | 0.00 |
| 13 | ISICOM TRADERS PVT LTD | 962750 | 0.24 | 0.00 | 962750 | 0.24 | 0.00 | 0.00 |
| 14 | MR SUDHIR GUPTA | 5382725 | 1.35 | 0.00 | 5382725 | 1.35 | 0.00 | 0.00 |
| 15 | ASHWIN GUPTA | 5515825 | 1.39 | 0.00 | 5515825 | 1.39 | 0.00 | 0.00 |
| 16 | KHAMGAON LAND DEVELOPMENT & TRADING CO (P) LTD | 17400000 | 4.37 | 0.00 | 17400000 | 4.37 | 0.00 | 0.00 |
| 17 | YEOTMAL LAND DEVELOPMENT & TRADING CO (P) LTD | 17400000 | 4.37 | 0.00 | 17400000 | 4.37 | 0.00 | 0.00 |
| 18 | ISIMETALS (INDIA) PVT LTD | 17400250 | 4.37 | 0.00 | 17400250 | 4.37 | 0.00 | 0.00 |
| 19 | ISISALES (INDIA) PVT LTD | 17400250 | 4.37 | 0.00 | 17400250 | 4.37 | 0.00 | 0.00 |
| 20 | ISIWORLD STEELS PVT LTD | 17837500 | 4.48 | 0.00 | 17837500 | 4.48 | 0.00 | 0.00 |
| 21 | INDIA STEEL INTERNATIONAL (P) LTD | 98134150 | 24.65 | 11.43 | 98134150 | 24.65 | 11.43 | 0.00 |
| | | 198594027 | 49.89 | 11.60 | 198594027 | 49.89 | 11.60 | 0.01 |

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

| SI No. | | 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 | 198594027 | 49.89 | | |
| 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): | No changes | | 198594027 | |
| 3 | At the End of the year | 198594027 | 49.89 | 198594027 | 49.89 |



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

| Sr. No | Name | Shareholding | | Date | Increase/ Decrease in shareholding | Reason | Cumulative Shareholding during the year (01-04-15 to 31-03-16) | |
|--------|----------------------------------|---|----------------------------------|------------|------------------------------------|----------------|--|----------------------------------|
| | | No.of Shares at the beginning (01-04-15)/ end of the year(31-03-16) | % of total shares of the Company | | | | No. of Shares | % of total shares of the Company |
| 1 | UD INDUSTRIAL HOLDING PTE. LTD. | 92000000 | 23.11 | 1.04.2015 | 0 | No movement | | |
| | | 92000000 | 23.11 | 31.03.2016 | | | 92000000 | 23.11 |
| 2 | TB INVESTMENTS LTD | 27000000 | 6.78 | 1.04.2015 | 0 | No movement | | |
| | | 27000000 | 6.78 | 31.03.2016 | | | 27000000 | 6.78 |
| 3 | APMS INVESTMENT FUND LTD | 14334300 | 3.60 | 1.04.2015 | 0 | No movement | 14334300 | 3.60 |
| | | 14334300 | 3.60 | 31.03.2016 | | | 14334300 | 3.60 |
| 4 | ERISKA INVESTMENT FUND LTD | 8400000 | 2.11 | 1.04.2014 | 0 | No movement | | |
| | | 8400000 | 2.11 | 31.03.2015 | | | 8400000 | 2.11 |
| 5 | PARVEEN KUMAR GUPTA | 7612221 | 1.91 | 1.04.2015 | | | | 0.02 |
| | | | | | 80821 | Sales* | 7531400 | 1.89 |
| | | 7531400 | 1.89 | 31.03.2016 | | 7531400 | 1.89 | |
| 6 | LOTUS GLOBAL INVESTMENTS LTD | 5934300 | 1.49 | 1.04.2015 | 0 | No movement | | |
| | | 5934300 | 1.49 | 31.03.2016 | | | 5934300 | 1.49 |
| 7 | K R BHARAT | 5494948 | 1.38 | 1.04.2015 | | No movement | | |
| | | 5494948 | 1.38 | 31.03.2016 | | | 5494948 | 1.38 |
| 8 | SHAKTIMAN STEEL CASTINGS PVT LTD | 5300054 | 1.33 | 1.04.2015 | 0 | No movement | | |
| | | 5300054 | 1.33 | 31.03.2016 | | | 5300054 | 1.33 |
| 9 | KOTAK MAHINDRA BANK LTD | 5000000 | 1.26 | 1.04.2015 | 0 | No movement | | |
| | | 5000000 | 1.26 | 31.03.2016 | | | 5000000 | 1.26 |
| 10 | USHDEV INTERNATIONAL LTD | 4931539 | 1.24 | 1.04.2015 | 0 | No movement | | |
| | | 4931539 | 1.24 | 31.03.2016 | | | 4931539 | 1.24 |

(v) Shareholding of Directors and Key Managerial Personnel:

| Sl. No. | | 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 | Mr. Ashwinkumar H. Gupta | | | | |
| | At the beginning of the year | 5515825 | 1.39 | 5515825 | 1.39 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | 5515825 | 1.39 | 5515825 | 1.39 |



| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 2 | Mr.Sudhir H. Gupta | | | | |
| | At the beginning of the year | 5382725 | 1.35 | 5382725 | 1.36 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | 5382725 | 1.35 | 5382725 | 1.36 |
| 3 | Mr.Varun S. Gupta | | | | |
| | At the beginning of the year | 204800 | 0.05 | 204800 | 0.05 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | 204800 | 0.05 | 204800 | 0.05 |
| 4 | Mr. S.P. Khosla | | | | |
| | At the beginning of the year | 1500 | 0.00 | 1500 | 0.00 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Transmission of shares | 0.00 | - | - |
| | At the End of the year | 0.00 | 0.00 | 0.00 | 0.00 |
| 5 | Mr. Rahul M. Yeurkar | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |
| 6 | Mrs. Mahesh Sheregar | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |
| 7 | Mr. T.R. Bajalia | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |



| Sl. No. | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 8 | Mrs. Kavita Joshi | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |
| 9 | Mr. Dilip Maharana | | | | |
| | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment: (Amt in ₹ Lakh)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year (01.04.2015) | | | | |
| i) Principal Amount | 540.2 | 3219.52 | 0 | 3759.72 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| TOTAL (i+ii+iii) | 540.2 | 3219.52 | 0 | 3759.72 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 0 | 11.02 | 0 | 11.02 |
| Reduction | 313.01 | 0 | 0 | -313.01 |
| Net Change | 313.01 | 11.02 | 0 | -202.8 |
| Indebtedness at the end of the financial year (31.03.2016) | | | | |
| i) Principal Amount | 227.19 | 3329.71 | 0 | 3556.91 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| TOTAL (i+ii+iii) | 227.19 | 3329.71 | 0 | 3556.91 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

- A. Remuneration to Managing Director, Whole-time Directors and/or Manager:
- B. Remuneration to other directors:
- C. Remuneration to Key Managerial Personnel other than Md/Manager/wtd



A. Remuneration to Managing Director, Whole-time Directors and/or Manager (₹ in Lakh)

| S. No. | Particulars of Remuneration | Name of MD/WTD/Manger | | | | Total amount |
|--------|------------------------------|--------------------------|---------------------|--------------------|-------------------|--------------|
| | | Mr. Ashwinkumar H. Gupta | Mr. Sudhir H. Gupta | Mr. Varun S. Gupta | Mr. Rahul Yenukar | |
| 1 | Gross Salary | | | | | |
| | a) Salary | 30.00 | 27.00 | 24.00 | 26.52 | 107.52 |
| | b) Allowance | 22.80 | 20.52 | 18.24 | 35.196 | 96.756 |
| | b) Perquisites | 0 | 0 | 0 | 0 | 0 |
| | c) Profits in lieu of Salary | 0 | 0 | 0 | 0 | 0 |
| 2 | Stock option | 0 | 0 | 0 | 0 | 0 |
| 3 | Sweat Equity | 0 | 0 | 0 | 0 | 0 |
| 4 | Commission | 0 | 0 | 0 | 0 | 0 |
| 5 | others | 0.08 | 0.08 | 0.08 | 0.08 | 0.336 |
| | Total | 52.88 | 47.60 | 43.32 | 61.80 | 204.61 |

B. Remuneration to other/ independent Directors (₹ in Lakh)

| S. No. | Particulars of Remuneration | Name of MD/WTD/Manger | | | | | Total amount |
|--------|-------------------------------------|-----------------------|-----------------|-------------------|---------------------|--------------|--------------|
| | | Mr. S. P. Khosla | Mr. Bimal Desai | Mr. T. R. Bajalia | Mr. Gaurav Chhabria | Kavita Joshi | |
| 1 | a) fees for attending board Meeting | 0.0 | 0.3 | 0.3 | 0.06 | 0.3 | 0.96 |
| | b) Commission | 0 | 0 | 0 | 0 | 0 | 0 |
| | c) other | 0 | 0 | 0 | 0 | 0 | 0 |
| | Total | 0.0 | 0.3 | 0.3 | 0.06 | 0.3 | 0.96 |

C. Remuneration to other KMP (₹ in Lakh)

| S. No. | Particulars of Remuneration | Name of KMP |
|--------|------------------------------|---|
| | | Dilip Maharana, Company Secretary /Compliance officer |
| 1 | Gross Salary | |
| | a) Salary | 2.33 |
| | b) Perquisites | 3.50 |
| | c) Profits in lieu of Salary | 0 |
| 2 | Stock option | 0 |
| 3 | Sweat Equity | 0 |
| 4 | Commission | 0 |
| 5 | others | 0 |
| | Total | 5.83 |

VII. PENALTIES / PUNISHMENT/ 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 | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. OTHER OFFICERS | | | | | |
| Penalty | | | None | | |
| Punishment | | | | | |
| Compounding | | | | | |



Annexure-C

(A) Conservation of energy-

Total energy consumption and energy consumption per unit of production is given in the table below:

Power & fuel Consumption

| | Particulars | 2015-16 | 2014-15 |
|-----------|---|---------|---------|
| I | | | |
| a | Electricity: | | |
| | Purchase Units ('000 kwh) | 48855 | 48034 |
| | Total Amount ('000 ₹) | 360984 | 350511 |
| | Average Rate/Unit (₹/Kwh) | 7.39 | 7.30 |
| b | Furnace Oil / CBFS / Disale: | | |
| | Quantity (Kilo litres) | 4786 | 4692 |
| | Total Amount (in '000 ₹) | 106641 | 163235 |
| | Average Rate (₹/Litre) | 22.28 | 34.79 |
| c | Others | | |
| | Gases:- | | |
| | Total Amount (in '000 ₹) | 58023 | 53566 |
| II | Consumption Per Unit Of Production | | |
| | Electricity: | | |
| | Steel Billets | 678 | 711 |
| | Hot Rolled/Bars/rods | 233 | 257 |
| | Cold Finish Bars | 80 | 61 |
| | Furnace Oil / CBFS / Disel: | | |
| | Steel Billets | 18 | 19 |
| | Hot Rolled/Bars/rods | 63 | 64 |

(B) Technology absorption-

In-house expertise has been used to successfully develop various grades of special steels meeting international standards of quality.

The fume-extraction system of the AOD converter has been upgraded to reduce consequent Air Pollution.

Quality System: To continue in pursuit of quality, Steel and Rolling Mill Division of your Company at Khopoli has been accredited with "TUV CERT" by RWTUV for compliance in accordance with AD-Merkblatt W0/W2/W10 manufacturing process. The Khopoli Plant as well as Purchase and Marketing Departments of your Company remains ISO 9001 certified by IRQS Mumbai.

(C) Foreign exchange earnings and Outgo-

The Foreign Exchange earned in terms of actual inflows during the year is ₹ 31,06,60,837/- and the Foreign Exchange outgo during the year in terms of actual outflows is ₹ 1,63,23,92,646/-.



Annexure-D

Form No. AOC-2

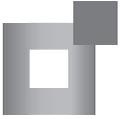
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis

| | | |
|-----|---|-----|
| (a) | Name of related party and nature of relationship | Nil |
| (b) | Nature of contracts/ arrangements / transactions | Nil |
| (c) | Duration of the contracts/ arrangements / transactions | Nil |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Nil |
| (e) | Justification for entering into such contracts or arrangements or transactions | Nil |
| (f) | Date(s) of approval by the Board | Nil |
| (g) | Amount paid as advances, if any: | Nil |
| (h) | Date on which the special resolution was passed in general meeting as required under first proviso to section 188 | Nil |

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

| | | |
|-----|--|---|
| (a) | Name of related party and nature of relationship | Isinox Steels Limited |
| (b) | Nature of contracts/ arrangements / transactions | Sales / purchase of goods / conversion/ jobwork etc |
| (c) | Duration of the contracts/ arrangements / transactions | Ongoing |
| (d) | Salient terms of the contracts or arrangements or transactions including the value, if any | Arms length basis |
| (e) | Date(s) of approval by the Board | In the quarterly meetings of the Board. |
| (f) | Amount paid as advances, if any: | --- |



Annexure E

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

| | | | | | | |
|-------|--|---|---|--|---|--|
| (i) | The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2015-16, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2015-16 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under: | | | | | |
| | Sr. No | Name of Director/KMP and Designation | Remuneration of Director/KMP for financial year 2015-16 (₹ in Lakh) | % increase in Remuneration in the Financial Year 2015-16 (₹ in Lakh) | Ratio of remuneration of each Director/ to median remuneration of employees | Comparison of Remuneration of KMP against the performance of the Company |
| | 1 | Ashwinkumar H. Gupta, Executive Chairman | 52.88 | 95.49 | 27.97 | Operating profit (EBITDA) improved to ₹ 3003.65 Lakh against profit of ₹ 2841.59 Lakh. The net Profit after tax increased to ₹ 403.99 Lakh against profit of ₹ 212.06 Lakh |
| | 2 | Sudhir H. Gupta, CEO & Managing Director | 47.60 | - | 25.18 | |
| | 3 | Varun S.Gupta Executive Director | 42.32 | - | 22.39 | |
| | 4 | Rahul M. Yenurkar (Director – Technical) | 61.80 | 14.57 | 32.69 | |
| | 5 | Dilip Maharana Company Secretary & Compliance Officer | 5.38 | - | 2.84 | |
| (ii) | The median remuneration of employees of the Company during the financial year was ₹ 1.89 lakh | | | | | |
| (iii) | In the financial year, there was an increase of 5.5% in the median remuneration of employees. | | | | | |
| (iv) | There were 402 permanent employees on the rolls of Company as on March 31, 2016; | | | | | |
| (v) | Average percentage increase made in the salaries of employees other than the managerial personnel in the last financial year i.e. 2015-16 was 10.81% whereas the increase in the managerial remuneration for the same financial year was 118%. | | | | | |



REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Code of Governance

Corporate Governance at INDIA STEEL WORKS LIMITED is demonstrated by fair business and corporate practices with all its stakeholders integrity, transparent dealings, ethical conduct of affairs of the Company is the basic norm of Corporate Governance practiced here.

2. Board of Directors

During financial year 2015-16, the Board consists of Ten Directors comprising of four executive Directors, one non-executive Director and five Independent Directors including one Woman Director, out of which one independent director resigned during the year and one Independent Director ceased to be the Director due to death.

(a) Composition of the Board:

The composition of the Board, attendance at Board Meetings held during the year and at the last Annual General Meeting, number of Directorship in other companies and committees of which the Director is a Member/Chairman are given below:

| Name of the Director | Category/ Interse relationship | Financial Year 2015-16 attendance in | | No of other Directorship in Other Indian Public Ltd Companies | No of Chairmanship / Membership in other Indian Public Limited Companies |
|--------------------------|--|--------------------------------------|----------|---|--|
| | | Board Meetings | Last AGM | | |
| Mr. Ashwinkumar H. Gupta | Executive Chairman, Promoter, Brother of Managing Director | 4 | Y | NIL | NIL |
| Mr. Sudhir H. Gupta | Managing Director, Promoter, Brother of Executive Chairman | 4 | Y | NIL | NIL |
| Mr. Varun S. Gupta | Executive Director, Promoter, Son of Managing Director | 4 | Y | NIL | NIL |
| Mr. Rahul M. Yenukar | Whole-time Director | 4 | Y | 1 | NIL |
| Mr. S. P. Khosla 1 | Independent Director | 1 | No | NIL | NIL |
| Mr. Bimal Desai | Independent Director | 4 | Y | NIL | NIL |
| Mr. Mahesh Sheregar 2 | Non-Executive Director | 1 | No | NIL | NIL |
| Mr. T.R. Bajalia | Independent Director | 3 | Yes | 1 | 1 |
| Mr. Gaurav Chhabria | Independent Director | NIL | No | NIL | NIL |
| Mrs. Kavita R. Joshi | Independent Director | 3 | No | NIL | NIL |

1. Ceased to be the Director due to death as on 27th July, 2015.
2. Resigned effective 6th November, 2015.
3. Directorship excludes Alternate Directorship, Foreign Company Directorship & Pvt Limited Companies
4. Committee positions of only of Audit Committee and the Stakeholders Relationship Committee have been considered (Excluding committees of India Steel Works Limited) as per sub-clause II(D)(2) of Clause 49 of the Listing Agreement with stock exchange.

(b) Number of Board Meetings:

During the Financial year four Meetings were held on 30th May, 2015, 14th August, 2015, 9th November, 2015, and 30th May, 2016, The maximum interval between any two meetings was not more than 4 months.

(c) Information supplied to the Board:

The Board of Directors has complete access to any information within the Company. At the Board Meetings, directors are provided with all relevant information on important matters, working of the Company as well as all



related details that require deliberations by the members of the Board, inter-alia include:

- Annual business plans,
- Production, sales & financial performance data;
- Business review;
- Quarterly and annual financial results ;
- Minutes of the meetings of the Audit and other Committees as well as circular resolutions if any to be passed;
- Significant initiatives and developments relating to labour/human resource relation
- Information on recruitment and remuneration of senior officers just below the Board level,
- Materially important show cause / demand / prosecution / penalty notices and legal proceedings by or against the Company;
- Quarterly details of foreign exchange exposure and the steps taken by the management to limit the risk of adverse exchange rate movement;
- Any other information which is relevant for decision-making by the Board.

(d) Directors Profile seeking appointment / re-appointment

As required, a brief profile and other particulars of the Directors seeking appointment / re-appointment is given in the Notice of the 29th Annual General Meeting and forms a part of this Report.

(e) Induction & Familiarization Programs for Independent Directors:

The Directors on appointment are issued a letter of Appointment setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a familiarization programme. The program aims to familiarize the Directors with the Company, their role and responsibilities, business model of the Company etc. The details of such familiarization programme have been displayed on the website of the and the weblink of the same is: <http://www.indiasteel.in/pdfs/Familiarisation-programme.pdf>

(f) Performance Evaluation:

In compliance with the provisions of the Companies Act, 2013 ('the Act') read with the Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board during the year adopted a formal mechanism for evaluation of its performances as well as that of its committees and individual Directors, including the Chairman of the Board.

A questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on various parameters. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

(g) Independent Directors' Meeting:

In compliance with Section 149(8) of the Act read along with Schedule IV of the Act and with the stock exchange, the Independent Directors met on 10th February, 2016, inter alia, to discuss:

- (a) Evaluation of the performance of non- Independent Directors and the Board as a whole;
- (b) Evaluation of the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
- (c) Evaluation of the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties. All the Independent Directors on the Board as on the date of the meeting were present at the meeting.

**(h) Code of Conduct:**

The Board of Directors of the Company has adopted Code of Business Conduct & Ethics and is applicable to all the Directors and senior management personnel. In terms of the requirements of Regulation 17(5) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Code of Business Conduct & Ethics, as approved by the Board of Directors, has been displayed at the website of the company, **www.indiasteel.in**, under the heading 'Investors Relations'. The weblink of the same is: http://www.indiasteel.in/pdfs/Code_of_Conduct_for_Company_Board_of_Directors_Senior_Management.pdf

All the members of the Board and senior management personnel have affirmed compliance with the Code for the year ended 31st March, 2016 and a declaration to that effect signed by the Chairman & Managing Director is attached and forms part of this report.

The Company has a Code of Conduct for Prevention of Insider Trading in the shares and securities of the Company. This Code, inter-alia, prohibits purchase / sale of shares of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. This Code is available on the Company's website **www.indiasteel.in**.

All the Board Members and senior management personnel of the Company have affirmed compliance of the Code of Conduct for the year ended 31st March, 2016. A declaration to that effect signed by the Managing Director is attached and forms part of the Annual Report of the Company.

3. Committees of the Board

The Board has constituted various mandatory and other Committees from time to time. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The minutes of the Committee meetings are circulated / tabled at the Board meetings.

(a) Audit Committee• **Composition:**

During the financial year, the Audit Committee of Directors comprised of Four Non-Executive Independent Directors and one Executive Director viz., Mr. S. P. Khosla - Chairman, Mr. Bimal Desai, Mr. T R Bajalia, Mr. Gaurav Chabria all independent and Mr. Sudhir H. Gupta, Executive Director as member.

• **Brief description of terms of reference:**

The terms of reference of this committee covers the matters specified for Audit Committees under Regulation 18 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 as well as Section 177 of the Companies Act, 2013.

• **Meetings and attendance during the year:**

During the year, four Audit Committee Meetings were held on 30 May, 2015, 14th August, 2015, 9th November, 2015, 10th February, 2016. The Composition of Audit Committee and the attendance at the meetings as given hereunder:

| Name of the Director | Status | No. of meetings attended |
|----------------------|--|--------------------------|
| *Mr. S. P. Khosla | Chairman, Non-Executive Independent Director | NIL |
| Mr. Bimal Desai | Member, Non-Executive Independent Director | 4 |
| Mr. T R Bajalia | Member, Non-Executive Independent Director | 4 |
| Mr. Sudhir H. Gupta | Managing Director, Promoter | 4 |
| **Mr. Gaurav Chabria | Member, Non-Executive Independent Director | NIL |
| Mrs. Kavita Joshi | Member, Non-Executive Independent Director | 2 |

* Ceased to be the Director due to death as on 27th July, 2015.

**Resigned effective 6th November, 2015

• **Whistle Blower Policy**

The Company has been formulated Whistle Blower Policy to establish a Vigil Mechanism for directors and employees of the Company. This Policy covers misuse or abuse of authority, fraud or suspected fraud, violation of company



rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers.

The vigil mechanism provides a channel to the employees and directors to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Code of Conduct or policy. The mechanism provides for adequate safeguards against victimization of employees and directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

This policy, however, neither releases employees from their duty of confidentiality in the course of their work nor can it be used as a route for raising malicious or unfounded allegations against people in authority and/ or colleagues in general. It is affirmed that no personnel has been denied access to the Audit Committee. The Whistle Blower Policy of the Company has been uploaded and can be viewed on the Company's website www.indiasteel.in.

• **MD AND CFO Certification**

The Managing Director & CFO has issued a Certificate pursuant to the provisions of Clause 17 (8) of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015 certifying the Financial Statements, the Cash Flow Statements and the Internal Financial Control Systems for financial Year ended March 31, 2016 and the same was placed before the Board of Directors at their meeting held on 25th May, 2016.

(b) Stakeholders Relationship Committee:

In compliance with the provisions of Section 178 of the Act and Regulation 20 of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015, the Board has renamed the existing Shareholders/Investors Grievance Committee as "Stakeholders Relationship Committee". This Committee ensures speedy disposal of all grievances/complaints relating to shareholders/investors. The terms of reference of the Committee include the following:

- To specifically look into complaints received from the shareholders of the Company;
- To oversee the performance of the Registrar and Transfer Agent of the Company;
- To recommend measures for overall improvement in the quality of services to the investors;

The Committee comprised of:

| Name of the Director | Status |
|--------------------------|--|
| * Mr. S. P. Khosla | Chairman, Non-Executive Independent Director |
| Mr. Bimal Desai | Member, Independent Director |
| Mr. T R Bajalia | Member, Independent Director |
| Mrs. Kavita Joshi | Member, Independent Director |
| Mr. Ashwinkumar H. Gupta | Member, Executive Chairman |

* Ceased to be the Director due to death as on 27th July, 2015.

Four meetings were held during the year. The meeting was attended by all the members of the Committee. During the year 2015-16, the Company has not received any shareholders' complaints and there were no requests for dematerialization were pending as on 31st March, 2016.

Share Transfers in physical form can be lodged with Link Intime India Private Ltd. A summary of transfer / transmission of securities of the Company so approved is placed at every Stakeholders Relationship Committee (earlier Shareholders' Committee). The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement and files a copy of the said certificate with Stock Exchange.

(c) Nomination and Remuneration Committee:

In accordance with Section 178 of the Act read along with the applicable Rules thereto and Regulation 19 of the Securities Exchange Board of India (Listing Obligation and Disclosures Requirements) Regulations, 2015, the Board has "Nomination and Remuneration Committee", the composition of which is as follows:



| Name of the Director | Status |
|------------------------|--|
| * Mr. S.P. Khosla | Chairman, Non-Executive Independent Director |
| Mr. Bimal Desai | Member, Non-Executive Independent Director |
| Mr. T R Bajalia | Member, Non-Executive Independent Director |
| Mrs. Kavita Joshi | Member, Non-Executive Independent Director |
| ** Mr. Mahesh Sheregar | Member, Non-Executive Director |

* Ceased to be the Director due to death as on 27th July, 2015.

** Resigned effective 6th November, 2015.

The objective of this Policy is to lay down a framework and set standards in relation to nomination, remuneration and evaluation of Directors, Key Managerial Personnel (KMP) and such other senior management personnel in the organization. The terms of reference of the Committee inter alia, include the following:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and senior management personnel;
- To evaluate the performance of the members of the Board as well as Key Managerial Personnel and senior management personnel and to provide rewards linked directly to their efforts, performance, dedication and achievement relating to Company's operations;
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and senior management personnel;
- Assessing the independence of Independent Directors;

During the financial year 2015-16, the Nomination & Remuneration Committee met on 30th day of May, 2015, 14th August, 2015, 9th November, 2015 and 10th February, 2016. Mr. Mahesh Sheregar was absented from the Meetings respectively.

Appointment & Remuneration Policy:

A. Policy for appointment and removal of directors, KMP and senior management personnel

(i) Appointment Criteria and Qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as director, KMP or senior management personnel and recommend to the Board his/her appointment.
- A person should possess adequate qualifications, expertise and experience for the position he / she is considered for appointment.
- The Company shall not appoint or continue the employment of any person as Managing/ Whole-time Director who has attained the age of seventy years, provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of the shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

(ii) Term/Tenure

a) Managing Director / Whole-time Director

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Whole-time Director for a term subject to the provisions of the Companies act 2013 & rules made there under, not exceeding three years at a time for the time-being. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.



- No Independent Director shall hold office for more than two consecutive terms of upto a maximum of five years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director, provided that the Independent Director shall not, during the said period of three years be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

- At the time of appointment of Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

(iii) Evaluation

The Committee shall carry out evaluation of performance of every Director, Key Managerial Personnel and senior management personnel at regular intervals.

(iv) Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules & Regulations thereunder, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or senior management personnel subject to the provisions and compliance of the said Act, Rules & Regulations.

(v) Retirement

The Directors, KMP and senior management personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP and senior management personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

B. Policy for remuneration to directors, KMP and senior management personnel

(i) Remuneration to Managing/Whole-time Directors, KMP and senior management personnel

The remuneration/ compensation/ commission etc. to be paid to Managing/Whole-time Directors shall be governed as per provisions of the Companies Act, 2013 and Rules made there under or any other enactment for the time-being in force.

(ii) Remuneration to Non-Executive/ Independent Director

The non-executive Independent /Non-Independent Director may receive remuneration/ compensation/ commission as per the provisions of the Act. The amount of sitting fees shall be subject to ceiling/limits as provided under the Act and Rules made thereunder or any other enactment for the time being in force.

The Nomination & Remuneration Policy of the Company has been uploaded and can be viewed on the Company's website ,www.indiasteel.in.

(c) Details of remunerations paid to the Directors during the financial year 2014-15:

| Name of the Director | Salary & Perquisites ₹ in Lacs | Contribution to PF | Commission | Sitting Fees ₹ in Lacs |
|--------------------------|-----------------------------------|--------------------|------------|---------------------------|
| Mr. Ashwinkumar H. Gupta | 52.88 | Nil | Nil | Nil |
| Mr. Sudhir H. Gupta | 47.60 | Nil | Nil | Nil |
| Mr. Varun S. Gupta | 42.32 | Nil | Nil | Nil |
| Mr. Mahesh Sheregar | Nil | Nil | Nil | Nil |
| Mr. Bimal Desai | Nil | Nil | Nil | 0.30 |
| Mr. T R Bajalia | Nil | Nil | Nil | 0.30 |
| Mr. Rahul M. Yenukar | 61.80 | Nil | Nil | Nil |
| Mrs. Kavita Joshi | Nil | Nil | Nil | 0.30 |
| Mr. Gaurav Chabria | Nil | Nil | Nil | 0.06 |

**4. Annual General Meetings**

The last three Annual General Meetings of the Company were as under:

| Financial Year | Date | Location | Time |
|----------------|------------|---|------------|
| 2014-15 | 28.09.2015 | India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203 | 11.30 a.m. |
| 2013-14 | 8.09.2014 | India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203. | 11.30 a.m |
| 2012-13 | 10.08.2013 | India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203. | 11.30 a.m |

Special resolutions:

- At the 28th Annual General Meeting held on 28th September 2015, the following Special resolutions were passed:
 - a. Re-appointment of Mr. Varun S Gupta as Executive Director
 - b. Approval of borrowing powers
 - c. Approval of remuneration of Cost Auditor of the Company
 - d. Approval of related party transactions

5. Disclosures

- (i) There were transactions of material nature with related party. The transactions were made during ordinary course of business on arm's length basis. The details of related party transactions have been reported in the Notes to Accounts. Company has in place a policy on Related Party Transactions and the same is displayed on the Company's website and the weblink of the same is: <http://www.indiasteel.in/pdfs/Policy-on-dealing-with-the-Related-Party-Transactions.pdf>
- (ii) The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and in conformity, in all material respects, with the generally accepted accounting principles and standards in India. The estimates/judgments made in preparation of these financial statement are consistent, reasonable and on prudent basis so as to reflect true and fair view of the state of affairs and results/operations of the Company.
- (iii) The Company has formulated Whistle Blower Policy to establish a Vigil Mechanism for directors and employees of the Company and the details are provided elsewhere in this report.
- (iv) The Company has Risk Management Policies for the businesses, duly approved by the Board, which are periodically reviewed to ensure that the executive management controls risk by means of a properly defined framework.
- (v) The Company has not raised any funds from the capital market (public/rights/preferential issues etc.) during the financial year under review.
- (vi) Disclosure under Regulation 39 and Schedule VI of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 in respect of unclaimed shares of India Steel Works Limited

| Sr. No. | Particulars | No. of Shareholders | No. of Shares |
|---------|---|---------------------|---------------|
| 1 | No. of Shareholders and Shares outstanding as at 31.03.2015 | 237 | 43600 |
| 2 | Requests received from the shareholders and subsequently transfer of shares from the suspense account | Nil | Nil |
| 3 | No. of Shareholders and Shares outstanding as at 31.03.2016 | 237 | 43600 |

The voting rights on the shares outstanding in the suspense account as on March 31, 2016 are freezed till the rightful owner of such shares claims the shares. Whenever the shareholders shall claim the shares, after proper verification, the share certificates will be dispatched to them or as the case may be, the shares will be credited to the beneficiary account.

- (vii) There was no instance of non-compliance of any matter relating to the capital markets by the Company. No penalties or strictures have been imposed on the Company by the stock exchange, SEBI or any other statutory authorities on any matter relating to the capital market during the last three years.
- (viii) The details of the equity shares of the Company held by the Directors as on 31st March, 2016 are as under:
Mr. Ashwinkumar H. Gupta -5515825



Mr. Sudhirkumar H. Gupta -5382725

Mr. Varun S. Gupta -204800

General Shareholders Information:**A. Annual General Meeting :**

Date : Monday, 26th September, 2016.

Time : 11: 00 a.m.

Venue: India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203.

B. Date of Book Closure and Dividend Payment:

- Date of Book closure Tuesday, 20th September, 2016 to Monday, 26th September, 2016 (Both days inclusive).
- Dividend Payment Date: No dividend has been recommended by the Board of Directors

C. Company Identification Number (CIN): L29100MH1987PLC043186**D. Stock Exchange Listing:** The Stock Exchange, Mumbai**E. Stock Code:**

1. ISIN : INE072A01029
2. The Stock Exchange, Mumbai :513361

F. Stock Price Data :

| Months | High | Low |
|------------|------|------|
| Apr 2015 | 3.75 | 2.14 |
| May 2015 | 2.95 | 2.25 |
| June 2015 | 3.90 | 1.96 |
| July, 2015 | 3.73 | 2.38 |
| Aug, 2015 | 3.85 | 2.62 |
| Sep, 2015 | 3.45 | 2.63 |
| Oct, 2015 | 3.42 | 2.62 |
| Nov, 2015 | 3.24 | 2.61 |
| Dec, 2015 | 3.80 | 2.71 |
| Jan, 2016 | 3.57 | 2.86 |
| Feb, 2016 | 3.5 | 3.25 |
| Mar, 2016 | 2.05 | 1.78 |

G. Registrar & Share Transfer Agents

Members are requested to correspond with the Company's Registrar & Transfer Agent:

LINK INTIME INDIA PVT LIMITED Phone: 022 25946970,
C-13, Pannalal Silk Mills Compound, Fax : 022 25946969
L. B. S. Marg, Bhandup (West), Email ID: rnt.helpdesk@linkintime.co.in
Mumbai-400 078 Website: www.linkintime.co.in

H. Compliance Officer

Company Secretary

Indiabulls Finance Centre, 1101, 11th floor, Tower- 2, Senapati Bapat Marg, Elphinstone (W), Lower Parel, Mumbai - 400 013. Tel No. +912249102007, Fax No. +912249102099, Email: cosec@indiasteel.in

I. Share Transfer System

Share Transfers in physical forms can be lodged with Link Intime India Pvt Ltd. The transfers are normally processed within a period of 15 days from the date of the receipt if the documents are complete in all respects. Requests for dematerialization if shares are processed and confirmation is given to the respective depositories. i.e. NSDL & CDSL within 15 days. The Company obtains from a Company Secretary in practice half-yearly certificate of compliance



with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the said certificate with stock exchanges.

J. Distribution of shareholding as on 31st March, 2016.

| SHAREHOLDING OF SHARES | NUMBER OF SHAREHOLDERS | PERCENTAGE OF TOTAL | SHARES | PERCENTAGE OF TOTAL |
|------------------------|------------------------|---------------------|-----------|---------------------|
| 1 -- 500 | 9082 | 80.4928 | 1873631 | 0.4707 |
| 501 -- 1000 | 965 | 8.5527 | 855519 | 0.2149 |
| 1001 -- 2000 | 480 | 4.2542 | 777054 | 0.1952 |
| 2001 -- 3000 | 207 | 1.8346 | 549280 | 0.1380 |
| 3001 -- 4000 | 87 | 0.7711 | 319980 | 0.0804 |
| 4001 -- 5000 | 117 | 1.0370 | 569001 | 0.1429 |
| 5001 -- 10000 | 156 | 1.3826 | 1157658 | 0.2908 |
| 10001 & above | 189 | 1.6751 | 391978802 | 98.4671 |
| Total: | 11283 | 100.0000 | 398080925 | 100.0000 |

K. Shareholding Pattern

| Category Code | Category of shareholder | Number of shareholders | Total number of shares | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|---------------|--|------------------------|------------------------|--|-------------------------------------|--|---|
| | | | | As a percentage of (A+B) (VI) | As a percentage of (A+B+C) (VII) | Number of shares (VIII) | As a percentage (IX) = (VIII)/(IV)* 100 |
| (I) | (II) | (III) | (IV) | (VI) | (VII) | (VIII) | (VIII)/(IV)* 100 |
| (A) | Promoter and Promoter Group | | | | | | |
| 1 | Indian | | | | | | |
| <u>(a)</u> | Individuals/Hindu Undivided Family | 14 | 11271377 | 2.83 | 2.83 | 0 | 0.00 |
| <u>(b)</u> | Central Government/State Government(s) | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| <u>(c)</u> | Bodies Corporate | 12 | 187322650 | 47.06 | 47.06 | 45487600 | 24.28 |
| <u>(d)</u> | Financial Institutions / Banks | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| <u>(e)</u> | Any Other (specify) | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub Total (A)(1) | 26 | 198594027 | 49.89 | 49.89 | 45487600 | 24.28 |
| 2 | Foreign | | | | | | |
| <u>(a)</u> | Individuals (Non-Resident Individuals/ Foreign Individuals) | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| <u>(b)</u> | Bodies Corporate | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| <u>(c)</u> | Institutions | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| <u>(d)</u> | Qualified Foreign Investors | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| <u>(e)</u> | Any Other (specify) | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub Total (A)(2) | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2) | 26 | 198594027 | 49.89 | 49.89 | 51287600 | 25.83 |
| (B) | Public shareholding | | | | | | |
| 1 | Institutions | | | | | | |
| <u>(a)</u> | Mutual Funds/UTI | 3 | 3600 | 0.00 | 0.00 | - | - |
| <u>(b)</u> | Financial Institutions / Banks | 6 | 7812475 | 1.96 | 1.96 | - | - |
| <u>(c)</u> | Central Government/State Government(s) | 0 | 0 | 0.00 | 0.00 | - | - |
| <u>(d)</u> | Foreign Mutual Fund | 1 | 14334300 | 3.60 | 3.60 | - | - |
| <u>(e)</u> | Foreign Financial Institutions | 4 | 14900 | 0.00 | 0.00 | - | - |
| <u>(f)</u> | Foreign Institutional Investors | 2 | 14334300 | 3.60 | 3.60 | - | - |
| <u>(g)</u> | Foreign Venture Capital Investors | 0 | 0 | 0.00 | 0.00 | - | - |
| <u>(h)</u> | Qualified Foreign Investors | 0 | 0 | 0.00 | 0.00 | - | - |



| Category Code | Category of shareholder | Number of shareholders | Total number of shares | Total shareholding as a percentage of total number of shares | | Shares pledged or otherwise encumbered | |
|---------------|---|------------------------|------------------------|--|----------------------------|--|---|
| | | | | As a percentage of (A+B) | As a percentage of (A+B+C) | Number of shares | As a percentage (IX) = (VIII)/(IV)* 100 |
| (I) | (II) | (III) | (IV) | (VI) | (VII) | (VIII) | (VIII)/(IV)* 100 |
| (I) | Any Other (specify) | 0 | 0 | 0.00 | 0.00 | - | - |
| | Sub Total (B) (1) | 16 | 36499575 | 9.17 | 9.17 | | |
| 2 | Non-institutions | | | | | | |
| (a) | Bodies Corporate | 157 | 11378325 | 2.85 | 2.85 | - | - |
| (b) (i) | Individuals - shareholders holding nominal share capital up to ₹ 1 Lakh | 10957 | 8705460 | 2.16 | 2.16 | - | - |
| (ii) | Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh | 13 | 15662080 | 3.96 | 3.96 | - | - |
| (c) | Qualified Foreign Investors | 0 | 0 | 0.00 | 0.00 | - | - |
| (d) | Any Other | | | | | | |
| i | Non Resident Indians (Repat) | 36 | 4654174 | 1.16 | 1.16 | - | - |
| ii | Non Resident Indians (Non Repat) | 13 | 269024 | 0.06 | 0.06 | - | - |
| iii | Foreign Companies | 3 | 119260000 | 29.96 | 29.96 | - | - |
| iv | Clearing Member | 12 | 2515866 | 0.63 | 0.63 | - | - |
| v | Hindu Undivided Family | 175 | 535864 | 0.13 | 0.13 | - | - |
| vi | Market Makers | 6 | 6530 | 0.00 | 0.00 | - | - |
| | Sub Total (B)(2) | 11280 | 162987323 | 40.94 | 40.94 | - | - |
| | Total Public Shareholding Public Group (B)=(B)(1)+(B)(2) | 11296 | 199486898 | 50.11 | 50.11 | NA | NA |
| | Total (A)+(B) | 11322 | 398080925 | 100.00 | 100.00 | | |
| (C) | Shares held by custodians and against which Depository Receipts have been issued | | | | | | |
| i | Promoter and Promoter group | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| ii | Public | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| - | Sub Total (C) | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | GRAND TOTAL (A)+(B)+(C) | 11322 | 398080925 | 100.00 | 100.00 | 51287600 | 12.88 |

Dematerialization of shares and liquidity

The Company has arrangements with National Securities Depository Ltd. (NSDL) as well as the Central Depository Services(India) Ltd. (CDSL) for a demat facility. 99.53% of the Company's Listed Equity Share Capital was dematerialized as on 31.03.2016. The Company's shares are traded on the Stock Exchange, Mumbai.

M. Plant Locations:

Special Steel and Rolling Mill Division

Zenith Compound, Khopoli, Dist. Raigad, Maharashtra-410203 Tel. No. +91 21 92265812; Fax No. +91 21 92264061

N. Address for correspondence:

India Steel Works Limited

Indiabulls Finance Centre, 1101, 11th floor, Tower- 2, Senapati Bapat Marg, Elphinstone (W), Lower Parel, Mumbai - 400013. Tel No. +912249102000, Fax No.+912249102099 Email:cosec@indiasteel.in Website: www.indiasteel.in



CERTIFICATE OF COMPLIANCE WITH CODE OF CONDUCT

As provided under Regulation 17(5) of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 relating to corporate Governance with Stock Exchanges, all the Board members and senior management personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year 2015-16.

For **India Steel Works Limited**

Place: Mumbai
Dated: 25th May, 2016

Sudhir H. Gupta
Managing Director
DIN: 00010853

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Shareholders of India Steel Works Ltd.

We have reviewed the records concerning the Company's Compliance with Regulation 27 and Schedule II of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 entered into by the Company with the Stock Exchanges of India for the financial year beginning April 1, 2014 and ending on March 31st, 2015.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have conducted our review on the basis of the relevant records and documents maintained by the Company and furnished to us for review and the information and explanations given to us by the Company.

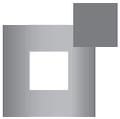
Based on such review, in our opinion, the Company has complied with Regulation 17 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 of the Stock Exchanges of India except (i) composition of Board of Directors of the Company, as Independent Directors are less than fifty percent of the total strength of the Board of Directors of the Company(ii) Appointment of Women Director.

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

For Thanawala & Company
Chartered Accountants
Firm Reg.No.110948W

Place: Mumbai
Dated: 25th May, 2016

V K Thanawala
Proprietor
Membership no. 15632



INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Members of INDIA STEEL WORKS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of **INDIA STEEL WORKS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31, March 2016 the Statement of Profit and Loss, the Cash Flow statement for the period then ended and a summary of the significant accounting policies and other explanatory information.

2. 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 Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2016 and its profit for the year ended on that date.

5. Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A attached here to our comments, on the matters specified in para 3 and 4 of the order,



2. As required by sub Section 3 of section 143 of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow statement dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. on the basis of the written representations received from the directors as at 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" and;
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigations on its financial position in the financial statement - refer Note No 32 to the financial statement;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of –
Thanawala & Company
Chartered Accountants
Firm Reg. No. 110948W

Place : Mumbai
Date :25/05/2016

[V.K. Thanawala]
Proprietor
Membership No. 15632

**ANNEXURE A TO THE INDEPENDENT AUDITORS REPORT****THE ANNEXURE A REFERRED TO IN INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF THE COMPANY ON THE FINANCIAL STATEMENT FOR THE PERIOD ENDED 31 MARCH, 2016, WE REPORT THAT :**

1. a. The Company has maintained proper records, showing full particulars including quantitative details and situation of fixed asset.
- b. As explained to us the Company has a phased program for physical verification of the fixed asset of the company to cover all locations. In our opinion, the frequency of verification is reasonable, considering the size of the Company. No material discrepancies were noticed on such verification carried on during the year, as compared with the available records.
- c. According to the information and explanation given to us and on the basis of our examination of the records of the Company the title deeds of immovable properties are held in the name of the company.
2. The inventory of finished goods, raw materials, components, stores and spare parts except those lying with third parties, and in transit, has been physically verified by the management at regular intervals, which we consider to be reasonable. No material discrepancies were noticed on physical verification of inventories as compared to book records.
3. According to the information and explanation given to us, the Company's has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties listed in the register maintained under section 189 of the companies Act 2013 and hence sub clause (a)(b)(c) are not applicable.
4. According to the information and explanation given to us, the company has complied the provisions of section 185 and 186 of the Companies Act 2013 with respect to the loans & investment made.
5. The company has not accepted any deposit from public.
6. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government of India, maintenance of cost records has been prescribed under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
7. a. According to the records of the Company and information and explanations given to us, Provident Fund, Employees State Insurance, Income Tax, Sales Tax, Custom Duty, Cess, Excise Duty, Service Tax, Value added tax, and other material statutory dues have been deposited regularly during the period with the appropriate authorities. According to the records of the Company and information and explanations given to us there were no arrears of outstanding statutory dues as at 31st March, 2016 for a period of more than six months from the date they became payable.
- b. According to the records of the Company and information and explanations given to us the followings are the particulars of disputed amount payable in respect of, Income tax, Sales tax, Custom Duty, Excise Duty and Entry tax and other statutory dues as at the last day of the period ending 31st March, 2016 are as follow -

| Name of Status | Nature of dues | Amount (₹ In Lakhs) | Period to which the amount relates | Forum where the dispute is pending |
|--------------------|----------------|------------------------|---------------------------------------|---------------------------------------|
| Income Tax Act | Income Tax | 2.37 | F.Y.- 2011 / 2012 | CIT (Appeals) |
| Sales Tax Act | Sales Tax | 11.24 | F.Y.- 2002 / 2003 | Sales Tax Officer |
| Sales Tax Act | Sales Tax | 148.28 | F.Y.- 2008 / 2009 | Dy Comm of VAT |
| Central Excise Act | Excise | 9.46 | F.Y.- 2012 / 2013 | Addl Comm.of Central Excise |
| Central Excise Act | Excise | 4.3 | F.Y.- 2004 / 2005 | Comm.of Central Excise |
| Income Tax Act | Income Tax | 5.14 | F.Y.- 2008 / 2009 | CIT (Appeals) |
| Central Excise Act | Excise | 40.98 | F.Y.- 2003 / 2004 | CEGAT |
| Central Excise Act | Excise | 38 | F.Y.- 2005 / 2006 | Comm.of Central Excise |
| Central Excise Act | Excise | 53.53 | F.Y.- 2012 / 2013 | DGCI |
| Central Excise Act | SAD | 406 | F.Y.- 2012 / 2013 | FTWL |



8. Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to financial institutions, banks, governments or debenture holders. The company did not have any outstanding dues to debenture holders during the year.
9. In our opinion and according to the information and explanation given to us, the term loan have been applied for the purpose for which they were raised. The company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
10. 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 fraud on or by the Company, its officers or employees, noticed or reported during the period, nor have been informed of such case by the management.
11. According to the information and explanation given to us and based on our examination of the books and records of the Company, we are the opinion that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Company Act.
12. According to the information and explanation given to us, the provisions of any Special Statute applicable to Nidhi Companies are not applicable to the Company, the provisions of this clause are not applicable to the Company.
13. According to the information and explanation given to us and based on our examination of the records, all the transactions with related parties are in compliance with section 177 and 188 of the Companies Act, 2013 and all the details have been disclosed in the financial statement as per Accounting Standard-18.
14. According to the information and explanation given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debenture during the year.
15. According to the information and explanation given to us and based on our examination of the records of the Company has not entered into any non-cash transactions during the period with directors or persons connected with him.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For and on behalf of –
Thanawala & Company
Chartered Accountants
Firm Reg. No. 110948W

Place : Mumbai
Date :25/05/2016

[V.K. Thanawala]
Proprietor
Membership No. 15632

**ANNEXURE – B TO THE AUDITORS REPORT****ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF INDIA STEEL WORKS LIMITED****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

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

We have audited the internal financial controls over financial reporting of **INDIA STEEL WORKS LIMITED** ("the Company") as of March 31, 2016, in conjunction with our audit of 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 (ICAI). 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 the 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 Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of –
Thanawala & Company
Chartered Accountants
Firm Reg. No. 110948W

[V.K. Thanawala]
Proprietor
Membership No. 15632

Place : Mumbai
Date :25/05/2016



Balance Sheet as at 31st March, 2016

| PARTICULARS | | Note No. | As at 31 March, 2016 Amt. ₹ | As at 31 March, 2015 Amt. ₹ |
|-------------|---|----------|--------------------------------|--------------------------------|
| A | EQUITY AND LIABILITIES | | | |
| 1 | Shareholders' funds | | | |
| | (a) Share capital | 2 | 1,039,939,765 | 1,039,939,765 |
| | (b) Reserves and surplus | 3 | 1,330,242,671 | 1,289,920,931 |
| | (c) Money received against share warrants | | | |
| | | | 2,370,182,436 | 2,329,860,696 |
| 2 | Share application money pending allotment | | | |
| 3 | Non-current liabilities | | | |
| | (a) Long-term borrowings | 4 | 355,690,357 | 375,971,569 |
| | (b) Deferred tax liabilities (net) | 4C | - | - |
| | (c) Other long-term liabilities | 5 | 325,788,979 | 218,124,972 |
| | (d) Long-term provisions | 6 | 25,228,322 | 27,321,161 |
| | | | 706,707,658 | 621,417,702 |
| 4 | Current liabilities | | | |
| | (a) Short-term borrowings | 7 | 300,023,735 | 368,495,542 |
| | (b) Trade payables | 8 | 1,986,490,310 | 1,245,675,628 |
| | (c) Other current liabilities | 9 | 39,530,439 | 150,822,775 |
| | (d) Short-term provisions | 10 | 136,119,389 | 134,135,450 |
| | | | 2,462,163,873 | 1,899,129,395 |
| | TOTAL | | 5,539,053,967 | 4,850,407,793 |
| B | ASSETS | | | |
| 1 | Non-current assets | | | |
| | (a) Fixed assets | | | |
| | (i) Tangible assets | 11 | 2,314,858,681 | 2,477,506,139 |
| | (ii) Intangible assets | 11 | 5,656,703 | 4,163,925 |
| | (iii) Capital work-in-progress | 11 | 176,337,360 | - |
| | | | 2,496,852,743 | 2,481,670,064 |
| | (b) Non-current investments | 12 | 21,476,940 | 21,476,940 |
| | (c) Deferred tax assets (net) | | 17,803,360 | - |
| | (d) Long-term loans and advances | 13 | 191,934,988 | 184,974,747 |
| | (e) Other non-current assets | 14 | 281,516,301 | 66,464,805 |
| | | | 3,009,584,333 | 2,754,586,556 |
| 2 | Current assets | | | |
| | (a) Current investments | | - | - |
| | (b) Inventories | 15 | 1,356,407,164 | 1,087,588,405 |
| | (c) Trade receivables | 16 | 659,223,336 | 400,497,644 |
| | (d) Cash and cash equivalents | 17 | 29,996,457 | 18,566,728 |
| | (e) Short-term loans and advances | 18 | 184,714,405 | 304,298,359 |
| | (f) Other current assets | 19 | 299,128,273 | 284,870,101 |
| | | | 2,529,469,634 | 2,095,821,237 |
| | TOTAL | | 5,539,053,967 | 4,850,407,793 |
| | Significant Accounting Policies, Notes on Financial Statements | 1-33 | | |

As per Our Report Of Even Date Attached
For Thanawala & Company
Chartered Accountants
Firm Registration No. 110948W

Vijay K.Thanawala
Proprietor
M.N.015632

Place : Mumbai
Date : 25th May 2016

Ashwinkumar H Gupta
Chairman
DIN: 00010850

Sudhirkumar H Gupta
Managing Director
DIN: 00010853

Varun S. Gupta
Executive Director
DIN: 02938137

For and on behalf of the Board



Statement of Profit and Loss for the year ended 31st March, 2016

| Particulars | | Note No. | For the year ended 31st March, 2016 Amt. ₹ | For the year ended 31st March, 2015 Amt. ₹ |
|----------------------|---|----------|--|--|
| INCOME | | | | |
| 1 | Revenue from operations (gross) | 20 | 6,336,048,456 | 5,734,806,718 |
| | Less: Excise duty | | 497,174,792 | 605,143,905 |
| | Revenue from operations (net) | | 5,838,873,663 | 5,129,662,813 |
| 2 | Other income | 21 | 104,709,272 | 52,146,810 |
| 3 | Total revenue (1+2) | | 5,943,582,936 | 5,181,809,623 |
| 4 EXPENDITURE | | | | |
| | (a) Cost of materials consumed | 22 | 3,163,101,843 | 3,805,290,777 |
| | (b) Purchases of stock-in-trade | 22B | 1,770,185,893 | 323,565,623 |
| | (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 22C | -335,995,134 | -333,578,325 |
| | (c) Employee benefits expense | 23 | 213,615,124 | 178,732,303 |
| | (d) Finance costs | 24 | 98,572,432 | 110,295,251 |
| | (e) Depreciation and amortisation expense | | 179,198,892 | 153,088,368 |
| | (f) Other expenses | 25 | 832,308,251 | 923,639,402 |
| | Total expenses | | 5,920,987,301 | 5,161,033,399 |
| 5 | Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4) | | 22,595,635 | 20,776,224 |
| 6 | Exceptional items | 26 | - | - |
| 7 | Profit / (Loss) before extraordinary items and tax (5 ± 6) | | 22,595,635 | 20,776,224 |
| 8 | Extraordinary items | | - | - |
| 9 | Profit / (Loss) before tax (7 ± 8) | | 22,595,635 | 20,776,224 |
| 10 | Tax expense: | | | |
| | (a) Current tax expense for current year | | | - |
| | (b) (Less): MAT credit (where applicable) | | | |
| | (c) Current tax expense relating to prior years | | - | 430,000 |
| | (d) Net current tax expense | | - | 430,000 |
| | (e) Deferred tax | | 17,803,360 | |
| | | | 17,803,360 | 430,000 |
| 11 | Profit / (Loss) after tax (9 ± 10) | | 40,398,995 | 21,206,224 |
| | Earnings per equity shares of face value of Re 1/-each | | | |
| | Basic and Diluted (in ₹) | 27 | 0.10 | 0.05 |
| | Significant Accounting Policies, Notes on Financial Statements | 1-33 | | |

As per Our Report Of Even Date Attached
For Thanawala & Company
Chartered Accountants
Firm Registration No. 110948W

For and on behalf of the Board

Vijay K.Thanawala
Proprietor
M.N.015632

Ashwinkumar H Gupta
Chairman
DIN: 00010850

Sudhirkumar H Gupta
Managing Director
DIN: 00010853

Varun S. Gupta
Executive Director
DIN: 02938137

Place : Mumbai
Date : 25th May 2016

**Cash Flow Statement For The Year Ended 31st March, 2016**

| | 2015-2016 ₹ In Lacs | 2014-2015 ₹ In Lacs |
|---|------------------------|------------------------|
| Cash Flow from Operations | | |
| Net Profit / (Loss) before Tax | 225.96 | 207.76 |
| Other Income from Non Operating activity | (47.93) | (60.52) |
| Depreciation and Amortisation | 1,791.99 | 1,530.88 |
| Finance Cost | 985.72 | 1,102.95 |
| Prior Period Expenses/ Write Backs | 810.95 | 182.32 |
| Provision for Taxes | - | 4.30 |
| Loss on Sale of Assets | (188.22) | (241.36) |
| Provision for (increase)/ Diminution in value of Investments | | |
| Operating Profit / (Loss) | 3,578.47 | 2,726.34 |
| Decrease / (Increase) in Sundry Debtors | (2,587.26) | (247.93) |
| Decrease / (Increase) in Inventories | (2,688.19) | (3,915.11) |
| Decrease / (Increase) in Loans & Advances | (1,166.86) | 1,155.42 |
| Increase / (Decrease) in Sundry Creditors | 7,370.77 | 2,764.95 |
| Net Cash generated from / (used in) operations | 4,506.94 | 2,483.67 |
| Preference Dividend Paid | (0.64) | |
| Taxes Paid | (0.13) | - |
| Cash Flow before extraordinary / exceptional items | 4,506.17 | 2,483.67 |
| Extraordinary Ordinary / Exceptional Items | (810.95) | (182.32) |
| Cash Flow after extraordinary / exceptional items | 3,695.22 | 2,301.35 |
| Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (1,944.59) | (2,412.04) |
| Sale of Fixed Assets | 189.00 | 257.50 |
| (Purchase)/Sale of Investment | - | (0.53) |
| Dividend Received | | |
| Cash Flow from financial activities | (1,755.59) | (2,155.07) |
| Increase (Decrease) in Cash received from Issuance of share capital | | |
| Increase / (Decrease) in Short Term Borrowings | (684.72) | 1,196.54 |
| Increase / (Decrease) in Long Term Borrowings | (202.81) | (300.56) |
| Interest Paid | (937.80) | (1,042.44) |
| Net Cash (used in) / from Financing Activities | (1,825.33) | (146.45) |
| Net increase in cash and cash equivalents | 114.31 | (0.17) |
| Cash and cash equivalent as at the beginning of the year | 185.66 | 185.83 |
| Cash and cash equivalent as at the end of the year | 299.96 | 185.66 |

As per Our Report Of Even Date Attached
For Thanawala & Company
Chartered Accountants
Firm Registration No. 110948W

Vijay K.Thanawala
Proprietor
M.N.015632

Place : Mumbai
Date : 25th May 2016

Ashwinkumar H Gupta
Chairman
DIN: 00010850

Sudhirkumar H Gupta
Managing Director
DIN: 00010853

Varun S. Gupta
Executive Director
DIN: 02938137

For and on behalf of the Board



Notes forming part of the financial statements

1 Significant Accounting Policies-

1.1 Basis for preparation of financial statements

The financial statements have been prepared on historical cost convention and as a going concern and in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the Section 211(3C) of the Companies Act, 1956. The company follows mercantile system of accounting and recognizes income and expenditure on accrual basis.

Estimates and Assumptions used in the preparation of financial statements are based upon the management's evaluation of relevant fact and the circumstances as of the date of the financial statements, which may differ from the actual results at a subsequent date.

1.2 Inventories :

Inventories are valued at cost or net realizable value whichever is lower; cost is ascertained on the following basis :

- Raw Material, Packing Material, tools, spares and consumable are valued at cost on plus direct cost incurred to bring the stock to its existing level.
- Work in progress are valued at cost of manufacturing based on cost of Raw material and labour and overheads cost up to the relevant stage of completion.
- Finished Goods valued at cost or Market price which ever is less.

1.3 Cash and cash equivalents (for purposes of Cash Flow Statement) :

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

1.4 Events occurring after the date of Balance Sheet :

Material events occurring after the date of Balance Sheet are considered up to the date of approval of the accounts by the board of directors. There are no substantial events having an impact on the results of the current year Balance Sheet.

1.5 Prior Period Items and Changes in Accounting Policies :

No Prior Period items have materially affected this year's financial statements. Figures of previous year have been regrouped, rearranged and stated in line with the current year's presentation.

1.6 Depreciation :

Depreciation on all tangible assets has been calculated on Straight Line Method (SLM) as per the rates and manner prescribed under Schedule XIV of the Companies Act, 1956.

1.7 Revenue recognition :

Sales are accounted on net of tax, less sales Returns / rejection. Revenue from sale of products is recognized upon passage of title to the customer on acceptance of goods which generally coincides with the dispatch of materials.

Dividend Income is recognized when the right to receive the dividend is unconditional at the Balance Sheet date.

Interest Income is recognized on accrual basis.

1.8 Fixed Asset :

Fixed Assets are accounted at cost of acquisition or construction. Fixed assets are capitalized net of CENVAT / VAT for which credit is taken and includes borrowing cost directly attributable to construction or acquisition of fixed assets, up to the date the asset is ready to use.

1.9 Employee Benefits :

- Contributions to defined contribution schemes such as provident fund and family pension fund are charged to the Profit and Loss Account for the year.
- Provisions for the leave encashment & gratuity liabilities, which are not funded, have been determined on internal workings.
- Terminal benefits are recognized as an expense as and when incurred.

**Notes forming part of the financial statements****1.10 Borrowing costs :**

Borrowing costs that are directly attributable to the acquisition, construction or production of fixed assets are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

1.11 Related Party Transactions :

The related parties are identified by the management of the Company and relied upon by the Auditors. The related party transactions are reported at their net value (Excluding indirect taxes).

1.12 Taxes on income :

Tax Expenses for the year, comprising Current Tax including Wealth Tax, and is included in determining the net profit for the year. A provision is made for the current tax and based on tax liability computed in accordance with relevant tax rates and tax laws.

Current and deferred tax relating to items directly recognized in equity is recognized in equity and not in the Statement of Profit and Loss Account.

1.13 Deferred Tax- Asset/ Liability :

The Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered accountants of India, has become applicable to the Company. The Deferred Tax is recognized for all timing differences being the difference between "Taxable Income" and "Accounting Income" that originate in one period, and are capable of reversal in one or more subsequent periods and measured using relevant enacted tax rates. Deferred Tax Assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying value at each balance sheet date.

1.14 Miscellaneous Expenditure :

Miscellaneous expenditure is written off over a period of future economic benefit available not exceeding five years.

1.15 Foreign Currency Transaction :

All transactions in foreign currency are recorded at the rate of exchange prevailing on dates when the relevant transactions take place. In case of payment/realizations against these transactions in the same accounting year the respective expense/income head is debited/credited. In case of transactions where payments/realizations take place in the subsequent years the exchange gains/losses are accounted under exchange rate difference.

1.16 Provisions and contingencies :

The company recognizes provisions when there is a present legal or constructive obligation as a result of past event that probably require an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure of a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are not discounted to its present value and are determined based on best estimates required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect current best estimates.

1.17 Capital work in Progress :

The Expenditure which is of Capital nature and the assets for which it is incurred which has not come into existence/ put to use during the year is shown under this head.

For and on behalf of –
Thanawala & Company
Chartered Accountants
Firm Reg. No. 110948W

Place : Mumbai
Date :25/05/2016

[V.K. Thanawala]
Proprietor
Membership No. 15632



Notes forming part of the financial statements

Note 2 Equity Share capital

| Particulars | As at 31 March, 2016 | | As at 31 March, 2015 | |
|---|----------------------|--------------------|----------------------|--------------------|
| | Number of shares | Amt in ₹ | Number of shares | Amt in ₹ |
| (a) Authorised Equity shares of Re 1/- each with voting rights | 420,000,000 | 420,000,000 | 420,000,000 | 420,000,000 |
| (b) Issued Equity shares of Re 1/- each with voting rights | 398,080,925 | 398,080,925 | 398,080,925 | 398,080,925 |
| Total | 398,080,925 | 398,080,925 | 398,080,925 | 398,080,925 |
| (c) Subscribed and fully paid up Equity shares of Re 1/- each with voting rights | 398,080,925 | 398,080,925 | 398,080,925 | 398,080,925 |
| Total | 398,080,925 | 398,080,925 | 398,080,925 | 398,080,925 |

Refer Notes below

2A

Of the above, 8,70,00,000 fully paid-up equity shares of Re 1/- each represent the shares which were allotted on a preferential basis to the promoters of the Company in the last 5 years.

Of the above, 7,70,00,000 fully paid-up equity shares of Re 1/- each represent the shares which were allotted on a preferential basis to the Strategic Investors of the Company in the last 5 years.

Of the above, 28,10,925 fully paid-up equity shares of Re 1/- each represent the shares which were allotted pursuant to cash payment of ₹ 1 Lac & balance against settlement of dues in the last 5 years.

Note 2A1 Equity Share capital :-

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | Opening Balance | Fresh issue | Closing Balance |
|----------------------------------|-----------------|-------------|-----------------|
| Equity shares with voting rights | | | |
| Year ended 31 March, 2016 | | | |
| - Number of shares | 398,080,925 | - | 398,080,925 |
| - Amount | 398,080,925 | - | 398,080,925 |
| Year ended 31 March, 2015 | | | |
| - Number of shares | 398,080,925 | | 398,080,925 |
| - Amount | 398,080,925 | - | 398,080,925 |

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

| Class of shares / Name of shareholder | As at 31 March, 2016 | | As at 31 March, 2015 | |
|---------------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Equity shares with voting rights | | | | |
| Indiasteel International P.Ltd. | 98,134,150 | 24.65% | 98,134,150 | 24.65% |
| TB Investments Ltd | 27,000,000 | 6.78% | 27,000,000 | 6.78% |
| UD Industrial Holding Pte Ltd. | 92,000,000 | 23.11% | 92,000,000 | 23.11% |
| TOTAL | 217,134,150 | 54.54% | 217,134,150 | 54.54% |



Notes forming part of the financial statements

Note 2B Preference Share capital

| Particulars | As at 31 March, 2016 | | As at 31 March, 2015 | |
|--|----------------------|--------------------|----------------------|--------------------|
| | Number of shares | Amt in ₹ | Number of shares | Amt in ₹ |
| (a) Authorised Preference shares of Re 10/- each without voting rights | 64,500,000 | 645,000,000 | 64,500,000 | 645,000,000 |
| (b) Issued, Subscribed and fully paid up 14% Cumulative Redeemable Preference shares of Re 10/- each without voting rights | 2,000,000 | 20,000,000 | 2,000,000 | 20,000,000 |
| 0.01% Cumulative Redeemable Preference shares of Re 10/- each without voting rights | 53,671,310 | 536,713,100 | 53,671,310 | 536,713,100 |
| 0.01% Cumulative Redeemable Preference shares (Option Series) of Re 10/- each without voting rights | 8,514,574 | 85,145,740 | 8,514,574 | 85,145,740 |
| Total | 64,185,884 | 641,858,840 | 64,185,884 | 641,858,840 |

Note : 1) 14% Cumulative Redeemable Shares are redeemable in the year 2018.

2) 0.01% Cumulative Redeemable Shares are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019

3) 0.01% Cumulative Redeemable Shares (Option Series) are redeemable 25% in the year 2017, 25% in the year 2018, & 50% in the year 2019

4) Dividend on above Preference Shares for current year not provided ₹ 27,98,000/- & till date amounted to ₹ 5,53,08,711/-

Note 2B Preference Share capital :-

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | Opening Balance | Conversion | Closing Balance |
|---|-----------------|------------|-----------------|
| Preference shares without voting rights | | | |
| Year ended 31 March, 2016 | | | |
| - Number of shares | 64,185,884 | - | 64,185,884 |
| - Amount | 641,858,840 | - | 641,858,840 |
| Year ended 31 March, 2015 | | | |
| - Number of shares | 64,185,884 | - | 64,185,884 |
| - Amount | 641,858,840 | - | 641,858,840 |

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

| Class of shares / Name of shareholder | As at 31 March, 2016 | | As at 31 March, 2015 | |
|---|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| Preference shares without voting rights | | | | |
| IDBI Ltd. | 37,547,800 | 58.50% | 37,547,800 | 58.50% |
| Punjab & Sind Bank | 12,138,000 | 18.91% | 12,138,000 | 18.91% |
| Oriental Bank of Commerce | 5,698,413 | 8.88% | 5,698,413 | 8.88% |
| TOTAL | 55,384,213 | 86.29% | 55,384,213 | 86.29% |



Notes forming part of the financial statements

(iii) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

| Particulars | Aggregate number of shares | |
|--|----------------------------|----------------------|
| | As at 31 March, 2016 | As at 31 March, 2015 |
| Preference shares without voting rights | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | 23,489,310 | 23,489,310 |
| Total | 23,489,310 | 23,489,310 |

Note 2C Unclassified Share capital

| Particulars | As at 31 March, 2016 | | As at 31 March, 2015 | |
|--|----------------------|-----------|----------------------|-----------|
| | Number of shares | Amt in ₹ | Number of shares | Amt ₹ |
| (a) Authorised Unclassified shares | - | 5,000,000 | - | 5,000,000 |
| (b) Issued, Subscribed and fully paid up | - | - | - | - |
| Total | - | - | - | - |

Note 3 Reserves and surplus

| Particulars | As at 31 March, 2016 | | As at 31 March, 2015 | |
|---|----------------------|------------------------|----------------------|------------------------|
| | | Amt ₹ | | Amt ₹ |
| (a) Capital reserve | | | | |
| As per last balance sheet | | 1,186,451,809 | | 445,130,124 |
| Add : Revaluation during the year | | - | | 741,321,685 |
| Closing balance | | 1,186,451,809 | | 1,186,451,809 |
| (b) Securities premium account | | | | |
| As per last balance sheet | | 1,801,938,325 | | 1,801,938,325 |
| Add : Received during the year | | | | |
| Closing balance | | 1,801,938,325 | | 1,801,938,325 |
| (c) Preference Share Redemption Reserve | | | | |
| As per last balance sheet | | 50,000,000 | | 50,000,000 |
| Closing balance | | 50,000,000 | | 50,000,000 |
| (d) General Reserve | | | | |
| As per last balance sheet | | 204,000,000 | | 204,000,000 |
| Closing balance | | 204,000,000 | | 204,000,000 |
| (e) Surplus / (Deficit) in Statement of Profit and Loss | | | | |
| As per last balance sheet | | (1,952,469,203) | | (1,973,675,427) |
| Add: Profit / (Loss) for the year | | 40,398,995 | | 21,206,224 |
| Less : Preference Dividend | 64,188 | | | |
| Less : Tax on Dividend | 13,067 | 77,255 | | - |
| Closing balance | | (1,912,147,463) | | (1,952,469,203) |
| Total (a)+(b)+©+(d)+€ | | 1,330,242,671 | | 1,289,920,931 |



Notes forming part of the financial statements

Note 4 Long-term borrowings

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|---------------------------------------|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Term loans | | |
| (1) From banks | | |
| i) Secured - Kotak Mahindra Bank Ltd. | 16,350,168 | 52,391,705 |
| ii) Secured - NBFC | 6,368,963 | 1,628,351 |
| | 22,719,131 | 54,020,056 |
| (2) From others | | |
| i) Unsecured | - | - |
| a) Inter Corporate Deposits ** | 332,971,226 | 321,496,226 |
| b) From related parties ** | - | 455,287 |
| | 332,971,226 | 321,951,513 |
| (b) Deferred payment liabilities | | |
| Secured | - | - |
| Unsecured | - | - |
| (c) Deposits | | |
| Secured | - | - |
| Unsecured | - | - |
| | - | - |
| | - | - |
| Total | 355,690,357 | 375,971,569 |

** Terms of Repayment & Security for Secured Loan.

1) Loans from Kotak Mahindra Bank Ltd @18% interest are secured/to be secured by first mortgage & charges on all immovable & moveable properties both present & future & personal guarantees of some of the promoter directors of the company & are repayable in 48 equated monthly instalments of ₹ 3445823/-

2) Loans from Toyota Financial Services Ltd @10.25% interest are secured against hypothecation of motor vehicles These loans are repayable in 48 equated monthly months installment of ₹ 54432/-

3) Loans from SREI Euiqment Finance Limited are secured against sole guarantee of SAP License are repayble in 12 equated monthly installments of ₹ 790992/-

Note 4 Long-term borrowings (contd.)

| Particulars | As at 31st March, 2016 | | As at 31 March, 2015 | |
|--------------------------------------|------------------------|-----------|----------------------|-----------|
| | Amt in ₹ | | Amt in ₹ | |
| | Secured | Unsecured | Secured | Unsecured |
| From banks/NBFC's: | | | | |
| Sundaram Finance Ltd | - | - | 53,921 | - |
| Srei Equipment Fianance Ltd. | 5,321,909 | - | - | - |
| Toyota Financial Services Ltd. | 1,047,054 | - | 1,574,430 | - |
| | 6,368,963 | - | 1,628,351 | - |
| Total - Deferred payment liabilities | - | - | - | - |
| Total | - | - | - | - |

**Notes forming part of the financial statements****Note : Terms of Repayment & Security for Secured Loan.**

1) Loans from Kotak Mahindra Bank Ltd. are secured/to be secured by first mortgage & charges on all immoveable & moveable properties both present & future & personal guarantees of some of the promoter directors of the company & are repayable in 48 equal monthly instalments.

2) Loans from Sundaram Finance Ltd & Toyota Financial Services Ltd are secured against hypothecation of respective motor vehicles These loans are repayable in 36 & 48 months respectively.

Note 4C Deferred Tax Liability

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|-----------------------------------|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| Related to Fixed Assets | - | - |
| Disallowance under Income Tax Act | - | - |
| | - | - |

Note 5 Other long-term liabilities

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|--|----------------------|----------------------|
| (a) Others: | | |
| (i) Long term Creditors for Capex | 325,788,979 | 218,124,972 |
| (ii) Contractually reimbursable expenses | | |
| (iii) Trade / security deposits received | | |
| Total | 325,788,979 | 218,124,972 |

Note 6 Long-term provisions

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|--|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Provision for employee benefits: | | |
| (i) Provision for compensated absences | 9,090,321 | 7,005,745 |
| (ii) Provision for gratuity | 16,138,001 | 20,315,416 |
| (iii) Provision for post-employment medical benefits | | |
| | 25,228,322 | 27,321,161 |
| (b) Provision - Others: | | |
| (i) Provision for premium payable on redemption of bonds | | |
| (ii) Provision for other contingencies | - | - |
| Total | 25,228,322 | 27,321,161 |

**Notes forming part of the financial statements****Note 7 Short-term borrowings**

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|-------------------------------|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Loans repayable on demand | | |
| From banks | | |
| Secured - Kotak Bank Ltd. | 106,019,072 | 157,254,454 |
| - DNSB | 194,004,663 | 211,241,088 |
| Unsecured | | |
| | 300,023,735 | 368,495,542 |
| From other parties | - | - |
| (b) Deposits | | |
| Secured | - | - |
| Unsecured | - | - |
| © Deferred Payment Liability | | |
| Secured | - | - |
| Unsecured | - | - |
| | - | - |
| Total | 300,023,735 | 368,495,542 |

Notes: Kotak Mahindra Bank Ltd & DNS Bank Ltd. has sanctioned Cash Credit/WCDL facilities against the security by way of first pari passu charge on the fixed assets of the company, hypothecation of stock and book debts of the company and personal guarantees of some of the promoter directors of the Company.

Note 8 Trade payables

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|----------------------------------|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Trade payables: | | |
| Micro Small & medium Enterprises | | |
| Others | 1,986,490,310 | 1,245,675,628 |
| Total | 1,986,490,310 | 1,245,675,628 |



Notes forming part of the financial statements

Note 9 Other current liabilities

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|---|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Unpaid dividends | - | - |
| (b) Interest accrued & due on borrowings | 922,131 | 1,706,301 |
| (c) Other payables | | |
| (i) Statutory remittances:- | | |
| Vat/CST Payable | 3,420,630 | - |
| Service Tax Payable | 329,464 | 485,181 |
| TDS Payable | 3,620,758 | 4,554,891 |
| PF & ESIC Payable | 677,602 | 682,182 |
| PT Payable | 86,850 | 92,800 |
| Union Welfare Fund/MLWF Payable | 48,936 | 139,628 |
| Mediclinam Claim Payable | - | - |
| Property Tax/Cess Payable | 2,394,006 | 3,952,176 |
| (ii) Payables on purchase of fixed assets | 24,694,332 | - |
| (iii) Employee's Loan Repayment | 184,147 | 210,121 |
| (iv) Unpaid Bonus | - | 596,752 |
| (v) Share Application Money received & due for refund | - | - |
| (vi) Advance from Customers | 3,151,582 | 138,402,743 |
| Total | 39,530,439 | 150,822,775 |

Note 10 Short-term provisions

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|---|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Provision for employee benefits | | |
| (i) Bonus | 3,194,331 | 3,911,300 |
| (ii) Salary | 14,030,059 | 13,095,100 |
| | 17,224,390 | 17,006,400 |
| (b) Provision - Others: | | |
| (i) Provision for tax (net of advance tax) | - | - |
| (ii) Provision for Electricity Expenses | 98,754,390 | 66,081,690 |
| (iii) Provision for Purchase Bills Not Booked | 16,211,438 | 29,053,838 |
| (iv) Provision for Expenses | 3,929,171 | 21,993,522 |
| | 118,894,999 | 117,129,050 |
| Total | 136,119,389 | 134,135,450 |



NOTE NO. 11 : FIXED ASSETS :

(Amt in ₹)

| Sr No | TANGIBLE ASSET | GROSS BLOCK | | | DEPRECIATION | | | IMPAIRMENT | | | NET BLOCK | |
|-------|--|----------------------|----------------------|------------------------|----------------------|----------------------|--------------------|----------------------|----------------------|--------------------|----------------------|----------------------|
| | | AS ON 01.04.2015 | ADDITIONS | TRANSFERS / DEDUCTIONS | AS ON 31.03.2016 | AS ON 01.04.2015 | FOR THE YEAR | AS ON 31.03.2016 | AS ON 31.03.2015 | AS ON 31.03.2016 | AS ON 31.03.2015 | AS ON 31.03.2016 |
| 1 | LAND | 752,922,000 | - | - | 752,922,000 | - | - | - | - | - | 752,922,000 | 752,922,000 |
| 2 | FACTORY BUILDINGS | 426,131,581 | 3,126,205 | - | 429,257,786 | 14,233,000 | 14,233,000 | 20,837,618 | 20,837,618 | 20,837,618 | 250,793,075 | 261,899,870 |
| 3 | OFFICE/RESIDENTIAL BUILDINGS | 20,116,606 | - | - | 20,116,606 | 638,268 | 638,268 | 399,575 | 399,575 | 399,575 | 15,483,185 | 16,121,453 |
| 4 | PLANT & MACHINERY | 3,529,325,249 | 12,375,125 | 2,414,679 | 3,539,285,495 | 1,607,659,088 | 2,336,613 | 2,048,651,481 | 226,473,659 | 226,473,659 | 1,264,160,553 | 1,412,629,404 |
| 5 | DATA PROCESSING EQUIPMENT | 16,350,505 | 787,428 | - | 17,137,933 | 417,839 | 417,839 | 400,857 | 400,857 | 400,857 | 805,040 | 435,451 |
| 6 | MOTOR VEHICLES | 15,993,988 | - | - | 15,993,988 | 1,253,342 | 1,253,342 | 124,144 | 124,144 | 124,144 | 8,214,353 | 9,467,698 |
| 7 | OFFICE EQUIPMENT & APPLIANCES | 5,567,047 | 273,379 | - | 5,840,426 | 272,395 | 272,395 | - | - | - | 3,486,948 | 3,485,964 |
| 8 | FURNITURE & FIXTURES | 28,119,766 | 67,368 | - | 28,187,134 | 1,618,140 | 1,618,140 | 101,355 | 101,355 | 101,355 | 18,993,527 | 20,544,299 |
| | TOTAL | 4,794,526,742 | 16,629,505 | 2,414,679 | 4,808,741,568 | 179,198,892 | 2,336,613 | 2,245,545,674 | 248,337,208 | 248,337,208 | 2,314,858,681 | 2,477,506,139 |
| Sr No | INTANGIBLE ASSET | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | | |
| | | AS ON 01.04.2015 | ADDITIONS | TRANSFERS | AS ON 31.03.2016 | AS ON 01.04.2015 | FOR THE YEAR | AS ON 31.03.2016 | AS ON 31.03.2015 | | | |
| B) | Overseas Project | 4,163,925 | 1,492,778 | - | 5,656,703 | - | - | - | 5,656,703 | | | |
| | TOTAL | 4,163,925 | 1,492,778 | - | 5,656,703 | - | - | - | 4,163,925 | | | |
| Sr No | CAPITAL WORK IN PROGRESS | GROSS BLOCK | | | DEPRECIATION | | | NET BLOCK | | | | |
| | | AS ON 01.04.2015 | ADDITIONS | TRANSFERS | AS ON 31.03.2016 | AS ON 01.04.2015 | FOR THE YEAR | AS ON 31.03.2016 | AS ON 31.03.2015 | | | |
| C) | WIP Realstate Division | - | 1,179,900 | - | 1,179,900 | - | - | - | 1,179,900 | | | |
| 2 | Capital WIP - SAP | - | 11,088,099 | - | 11,088,099 | - | - | - | 11,088,099 | | | |
| 3 | WIP P&M (Gauder-Feeling Straightening Machine) | - | 43,228,545 | - | 43,228,545 | - | - | - | 43,228,545 | | | |
| 4 | PLANT & MACHINERY - WIP | - | 120,840,816 | - | 120,840,816 | - | - | - | 120,840,816 | | | |
| | TOTAL | - | 176,337,360 | - | 176,337,360 | - | - | - | 176,337,360 | | | |
| | GRAND TOTAL | 4,794,526,742 | 192,966,865 | 2,414,679 | 4,985,078,928 | 2,068,683,395 | 179,198,892 | 2,245,545,674 | 248,337,208 | | | |
| | Previous Year | 3,821,219,905 | 1,070,607,784 | 97,300,947 | 4,794,526,742 | 1,920,879,678 | 153,088,368 | 2,068,683,395 | 248,337,208 | | | |
| | | | | | | | | | 2,481,670,064 | | | |
| | | | | | | | | | 1,653,846,827 | | | |



Notes forming part of the financial statements

Note 12 Non-current investments

| Particulars | As at 31 March, 2016 | | | As at 31 March, 2015 | | |
|---|----------------------|------------|------------|----------------------|------------|------------|
| | Quoted | Unquoted | Total | Quoted | Unquoted | Total |
| | Amt in ₹ | Amt in ₹ | Amt in ₹ | Amt in ₹ | Amt in ₹ | Amt in ₹ |
| Investments (At cost): | | | | | | |
| A. Trade | | | | | | |
| (a) Investment in equity instruments (Fully paidup) | | | | | | |
| (i) Subsidiaries | | | | | | |
| (ii) Associates | | | | | | |
| (iii) Others - Sai Wradha Power Ltd. - DNSB. | - | 21,227,640 | 21,227,640 | - | 21,227,640 | 21,227,640 |
| | | 53,300 | 53,300 | | 53,300 | 53,300 |
| Total | - | 21,280,940 | 21,280,940 | - | 21,280,940 | 21,280,940 |
| (b) Investment in preference shares | | | | | | |
| (i) Subsidiaries | | | | | | |
| Total | - | - | - | - | - | - |
| Total - Trade A | - | 21,280,940 | 21,280,940 | - | 21,280,940 | 21,280,940 |
| B. Other investments | | | | | | |
| (a) Investment in equity instruments | | | | | | |
| (i) Interfit India Limited | | 196,000 | 196,000 | | 196,000 | 196,000 |
| Total - Other (B) | - | 196,000 | 196,000 | - | 196,000 | 196,000 |
| Total - (A+B) | - | 21,476,940 | 21,476,940 | - | 21,476,940 | 21,476,940 |

Note 13 Long-term loans and advances

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|---|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Advance income tax (TDS) Unsecured, considered good | 10,718,847 | 10,802,357 |
| (b) MAT credit entitlement - Unsecured, considered good | | |
| (c) Balances with government authorities Unsecured, considered good | | |
| (i) CENVAT credit receivable | | |
| (ii) VAT credit receivable | 26,400,359 | 22,197,041 |
| (iii) Customs/Excise Duty/Service Tax/VAT paid under Protest | 6,079,575 | 3,239,142 |
| (d) Deposits | 36,709,250 | 36,709,250 |
| (e) Insurance Claim Receivable | 112,026,957 | 112,026,957 |
| Total | 191,934,988 | 184,974,747 |

Note 14 Other non-current assets

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|--|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Unamortised expenses | | |
| (i) Deferred Revenue Expenditure ** | | - |
| (ii) Preliminary Expenses | 831,296 | 1,246,948 |
| (a) Inventory Non current (Refer note No.15) | 280,685,005 | 65,217,857 |
| Total | 281,516,301 | 66,464,805 |



Notes forming part of the financial statements

Note 15 Inventories

(At lower of cost and net realisable value)

| Particulars | As at 31 March, 2016 | | As at 31 March, 2015 | |
|---|----------------------|--------------------|----------------------|-------------------|
| | Amt in ₹ | Amt in ₹ | Amt in ₹ | Amt in ₹ |
| | Current | Non current | Current | Non current |
| (a) (i) Raw materials (including Consumables/Stores/Tools) | 144,987,316 | 175,974,534 | 363,931,745 | 4,874,262 |
| (ii) Raw materials in Transit | 201,315,787 | - | 5,180,856 | - |
| | 346,303,103 | 175,974,534 | 369,112,601 | 4,874,262 |
| (b) Work-in-progress | 851,917,706 | 93,671,578 | 521,708,944 | 46,164,407 |
| (c) Finished goods (other than for trading) | 98,814,376 | 3,137,667 | 191,201,785 | 6,277,961 |
| (d) Stock-in-trade (for trading) | 48,459,409 | 7,901,227 | - | 7,901,227 |
| (d) Stock-in-trade (with Consignment Agents) | 10,912,570 | - | 5,565,075 | - |
| Total | 1,356,407,164 | 280,685,005 | 1,087,588,405 | 65,217,857 |

Note 16 Trade receivables

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|--|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| Trade receivables outstanding - (exceeding six months from the date they were due for payment) | | |
| Unsecured, considered good unless otherwise specified | 129,850,544 | 140,770,706 |
| Provision for Doubtful | 16,500,000 | 16,500,000 |
| | 146,350,544 | 157,270,706 |
| Less :- Provision for Doubtful | -16,500,000 | -16,500,000 |
| | 129,850,544 | 140,770,706 |
| Trade receivables outstanding - (Less than six months from the date they were due for payment) | | |
| * Unsecured, considered good | 529,372,792 | 259,726,938 |
| | 529,372,792 | 259,726,938 |
| Total | 659,223,336 | 400,497,644 |

Note 17 Cash and cash equivalents

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|--|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Cash on hand | 15,076,748 | 13,389,142 |
| (b) Cheques, drafts on hand | | |
| (c) Balances with banks | | |
| (i) In current accounts | 6,155,884 | 3,316,281 |
| (ii) In EEFC accounts | | |
| * (iii) In deposit accounts (Maturity more than 12 months) | 8,763,825 | 1,861,305 |
| (iv) In earmarked accounts | | |
| - Unpaid dividend accounts | | |
| Total | 29,996,457 | 18,566,728 |

* Of the above ₹ 7613825/- have been earmarked by bank against guarantee issued


Notes forming part of the financial statements
Note 18 Short-term loans and advances

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|--|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Security deposits | | |
| (i) Secured, considered good | 17,888,590 | 18,288,587 |
| (ii) Unsecured, considered good (Others) | 4,490,728 | 7,382,232 |
| (iii) Unsecured, considered good (Related Parties) | 5,200,000 | 5,200,000 |
| | 27,579,318 | 30,870,819 |
| (b) Loans and advances to employees | | |
| Secured, considered good | | |
| Unsecured, considered good | 11,334,184 | 6,952,854 |
| (Maximum Balance due from officers of the company ₹ 76,81,243/-) | | |
| | 11,334,184 | 6,952,854 |
| (c) Prepaid expenses - Unsecured, considered good | 10,980,555 | 7,023,963 |
| | 10,980,555 | 7,023,963 |
| (d) Balances with government authorities | | |
| Unsecured, considered good | | |
| (i) CENVAT credit receivable | 89,582,443 | 172,757,309 |
| (ii) Service Tax credit receivable | 3,968,470 | 14,198,871 |
| (iii) Deposit for Sales Tax Appeal | 750,000 | 750,000 |
| (iv) Customs Duty Refund Receivable | 719,434 | |
| (v) Excise Rebate Claim | - | 29,099,180 |
| | 95,020,347 | 216,805,360 |
| (e) Inter-corporate Loans & Advances | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 39,800,000 | 42,262,529 |
| Unsecured, considered good Related Parties | - | 382,834 |
| Doubtful | - | - |
| | 39,800,000 | 42,645,363 |
| Total | 184,714,405 | 304,298,359 |

Note 19 Other current assets

| Particulars | As at 31 March, 2016 | As at 31 March, 2015 |
|---|----------------------|----------------------|
| | Amt in ₹ | Amt in ₹ |
| (a) Unamortised expenses | | |
| (i) Share issue expenses (where applicable) | - | - |
| (ii) Deferred Revenue Expenditure | - | - |
| (iii) Preliminary Expenses | - | - |
| (b) Accruals | | |
| (i) Interest accrued on deposits | 1,220,371 | 1,475,883 |
| (ii) Interest accrued on investments | - | - |
| (iii) Interest accrued on trade receivables | - | - |
| (c) Others | | |
| (i) Insurance Claim Receivable | 122,929,065 | 122,929,072 |
| (ii) Advance to Suppliers | 86,011,701 | 145,796,205 |
| (iii) Advance to Capex Suppliers | 14,157,901 | 11,421,534 |
| (iv) DEPB Receivable | 363,485 | 2,352,265 |
| (v) Duty Drawback Receivable | 116,527 | 109,885 |
| (vi) Job Work Charges Accrued on FG | 57,286,935 | 785,257 |
| (vii) Claims Receivable | 17,042,288 | - |
| Total | 299,128,273 | 284,870,101 |



Notes forming part of the financial statements

Note 20 Revenue from Operations

| Particulars | For the year ended 31st March, 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|-----------------------------|--|--|
| (a) Sale of products | 6,066,771,186 | 5,568,115,719 |
| (b) Sale of Scrap | 1,894,915 | 7,072,183 |
| (c) Labour Charges Received | 267,265,828 | 159,274,032 |
| (d) Export Incentives | 116,527 | 344,784 |
| | 6,336,048,456 | 5,734,806,718 |
| Less : Excise Duty | 497,174,792 | 605,143,905 |
| Total | 5,838,873,663 | 5,129,662,813 |

Note 21 Other income

| Particulars | For the year ended 31st March, 2016 | For the year ended 31 March, 2015 |
|---|--|--------------------------------------|
| Operating | | |
| (a) Miscellaneous Income | 44,760 | 24,000 |
| (b) Interest income | | |
| Interest on Bank Deposits (TDS ₹ 23,729/-) | 308,206 | 156,935 |
| Other Interest Income (TDS ₹ 2,67,885/-) | 4,434,050 | 5,870,596 |
| (c) Dividend income: | | |
| from current investments | 5,742 | |
| others | | |
| (d) Sundry Balances W/off | 19,696,229 | 731,436 |
| (e) Excess Provision W/Back | 61,398,352 | 17,501,032 |
| (f) Profit on Sale of Assets | 18,821,934 | 24,136,380 |
| (g) Insurance Claim | - | 3,726,431 |
| Total | 104,709,272 | 52,146,810 |

Note 22.a Cost of materials consumed

| Particulars | For the year ended 31st March, 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|----------------------------------|--|--|
| Opening stock | 373,986,863 | 316,054,427 |
| Add: Purchases | 3,514,286,469 | 3,959,151,577 |
| Add: Transport Inwards | 35,712,627 | 35,854,170 |
| Less: Sales | -238,606,480 | -131,782,534 |
| | 3,685,379,479 | 4,179,277,640 |
| Less: Closing stock | 522,277,636 | 373,986,863 |
| Cost of material consumed | 3,163,101,843 | 3,805,290,777 |
| Material consumed comprises: | | |
| Scrap & Ferro Alloys | 2,942,065,166 | 3,512,656,166 |
| Steel Billets | 5,256,286 | 30,410,186 |
| Wire Rods/Coils | 12,587,736 | 11,039,890 |
| Other items | 203,192,655 | 251,184,535 |
| Total | 3,163,101,843 | 3,805,290,777 |

Note 22.b Purchase of traded goods @

| Particulars | For the year ended 31st March, 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|--------------|--|--|
| Other items | 1,770,185,893 | 323,565,623 |
| Total | 1,770,185,893 | 323,565,623 |



Notes forming part of the financial statements

Note 22.c Changes in inventories of finished goods, work-in-progress and stock-in-trade

| Particulars | For the year ended 31st March , 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|--|---|--|
| <u>Inventories at the end of the year:</u> | | |
| Finished goods | 101,952,043 | 203,044,821 |
| Work-in-progress | 945,589,284 | 567,873,351 |
| Stock-in-trade | 67,273,206 | 7,901,227 |
| | 1,114,814,533 | 778,819,399 |
| <u>Inventories at the beginning of the year:</u> | | |
| Finished goods | 203,044,821 | 115,721,753 |
| Work-in-progress | 567,873,351 | 321,618,094 |
| Stock-in-trade | 7,901,227 | 7,901,227 |
| | 778,819,399 | 445,241,074 |
| Net (increase) / decrease | -335,995,134 | -333,578,325 |

Note 23 Employee benefits expense

| Particulars | For the year ended 31st March , 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|--|---|--|
| Salaries and wages | 174,597,270 | 143,668,419 |
| Directors Remuneration | 20,461,200 | 17,091,900 |
| Contributions to provident and other funds | 4,317,520 | 3,562,175 |
| Contributions to Gratuity | 6,650,000 | 6,858,405 |
| Employee Insurance | 1,177,911 | 515,860 |
| Staff welfare expenses | 4,088,503 | 5,396,166 |
| Leave Encashment | 2,322,720 | 1,639,378 |
| Total | 213,615,124 | 178,732,303 |

Note 24 Finance costs

| Particulars | For the year ended 31st March , 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|--|---|--|
| (a) Interest expense on: | | |
| (i) Borrowings/supplier credit | 60,591,301 | 83,441,229 |
| (ii) LC Charges | | |
| (iii) Others | | |
| - Interest on delayed / deferred payment of taxes | 4,980,738 | 3,308,872 |
| - Unsecured Loans | 12,750,000 | 12,750,000 |
| - Vehicle Loans | 140,928 | 341,724 |
| (b) Other borrowing costs | | |
| (c) Net (gain) / loss on foreign currency transactions and translation (considered as finance cost) | 16,786,676 | 7,552,306 |
| (d) Bank Charges & Commission | 3,322,789 | 2,901,120 |
| Total | 98,572,432 | 110,295,251 |



Notes forming part of the financial statements

Note 25 Other expenses

| Particulars | For the year ended 31st March , 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|---|---|--|
| A) Manufacturing Expenses | | |
| Labour Charges | 123,502,770 | 145,417,180 |
| Power and fuel | 525,648,028 | 567,312,304 |
| Lease Hire Charges | 4,642,667 | 3,478,683 |
| Water | 381,247 | 355,787 |
| Repairs and maintenance - Buildings | 3,010,543 | 1,792,078 |
| Repairs and maintenance - Machinery | 23,076,489 | 25,566,393 |
| Repairs and maintenance - Others | 971,015 | 1,824,200 |
| A) | 681,232,759 | 745,746,625 |
| B) Selling Expenses | | |
| Packing Materials | 8,856,036 | 11,579,817 |
| CLEARING & FREIGHT CHARGES | 34,550 | - |
| Discount on Sales | 6,605,412 | 3,386,053 |
| Transport Outward | 42,321,965 | 37,407,381 |
| Commission & Brokerage | 5,613,823 | 5,834,448 |
| Travelling Expenses | 16,544,482 | 13,415,664 |
| Exhibition Expenses | 2,841,937 | 3,767,253 |
| Sales Promotion | 1,092,883 | 1,005,983 |
| Other Selling Expenses | 181,312 | 684,078 |
| B) | 84,092,400 | 77,080,677 |
| C) General Administration Expenses | | |
| Communication Expenses | 2,513,792 | 2,870,018 |
| Printing & Stationery | 1,469,470 | 1,624,356 |
| Legal & Professional Fees | 8,413,816 | 29,907,558 |
| Service Charges | 1,142,093 | 347,833 |
| Insurance Charges | 6,186,759 | 6,056,973 |
| Auditors Remuneration | 1,210,500 | 1,088,090 |
| Directors Sitting Fees | 96,000 | 60,000 |
| Rent Rates & Taxes | 13,109,046 | 13,861,450 |
| Motor Vehicle Expenses | 6,220,459 | 5,569,832 |
| Service Tax | 865,531 | 1,057,537 |
| Miscellaneous Expenses | 17,619,073 | 34,496,622 |
| Loss on Sale of Assets | - | - |
| Preliminary Expenses Written Off | 415,652 | 415,652 |
| Prior Period Expenses Written Off | 7,720,900 | 6,842,232 |
| Loss on Contract Cancellation of Ferro Alloys | - | - |
| C) | 66,983,091 | 104,198,153 |
| Less : Insurance Claim | - | - |
| Total A+B+C | 832,308,251 | 927,025,455 |



Notes forming part of the financial statements

Notes: General Administration Expenses

| Particulars | For the year ended 31st March, 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|--|--|--|
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| As auditors - statutory audit | 500,000 | 500,000 |
| For Other Services | 150,000 | 228,090 |
| As auditors - Cost Auditor | 200,500 | - |
| As auditors - Internal audit | 300,000 | 300,000 |
| As auditors - Others | 60,000 | 60,000 |
| Total | 1,210,500 | 1,088,090 |
| (ii) Details of Prior period items (net) | | |
| Prior period expenses (Customs Duty) | - | 1,241,996 |
| Prior period expenses (Excise & Service Tax) | - | 439,967 |
| Prior Period Payroll Expenses | 63,405 | - |
| Prior Period Interest | - | 1,915,867 |
| Prior period purchase (change of accounting policy) | 145,896 | - |
| Prior period expenses (Others) | 7,511,599 | 3,244,402 |
| Total | 7,720,900 | 6,842,232 |

Note 26.a Exceptional items

| Particulars | For the year ended 31st March , 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|---|---|--|
| Provision no longer required written back | - | - |
| Investment Written Off | - | - |
| Settlement with Lenders | - | - |
| Advisory services for Settlement with Lenders | - | - |
| Profit on Sale of Fixed Assets | - | - |
| Total | - | 0 |

Note 26.b Extraordinary items

| Particulars | For the year ended 31st March , 2016 Amt in ₹ | For the year ended 31 March, 2015 Amt in ₹ |
|--------------|---|--|
| | - | - |
| Total | - | - |

27. Earnings Per Share (EPS)

| | Period Ended 31-Mar-16 | Year Ended 31-Mar-15 |
|--------------------------------------|---------------------------|-------------------------|
| Profit/Loss after taxation | 40,398,995 | 21,206,224 |
| Number of Equity Shares | 398,080,925 | 398,080,925 |
| Earnings per Share - Basic & Diluted | 0.10 | 0.05 |
| Face Value per Share | 1 | 1 |



Notes forming part of the financial statements

28. Additional Information

| | 31st March 2016 | | 31st March 2015 | |
|--|-----------------|---------|-----------------|---------|
| | | %ge | | %ge |
| a) Total Value of consumption imported & indigenous | | | | |
| Imported | 943,617,954 | 29.83% | 235,967,000 | 6.20% |
| Indigenous | 2,219,483,889 | 70.17% | 3,569,323,777 | 93.80% |
| Total | 3,163,101,843 | 100.00% | 3,805,290,777 | 100.00% |
| b) Value of Imports calculated on CIF basis | | | | |
| i) Raw Materials & Consumables | 883,087,523 | | 214,897,657 | |
| ii) Capital Goods | 136,653 | | 1,258,791 | |
| iii) Traded Goods | 749,168,470 | | - | |
| c) Expenditure in foreign currency | | | | |
| i) Travelling | 5,924,682 | | 11,635,134 | |
| ii) Others | 2,159,049 | | 2,471,831 | |
| d) Amount remitted in foreign currencies on account of Dividends | - | | - | |

Note 29 : Earnings in Foreign Exchange

| | | |
|----------------------------------|-------------|------------|
| i) Exports of Goods on FOB basis | 310,660,837 | 13,380,525 |
|----------------------------------|-------------|------------|

Note 30 : The company is exclusively in the steel business segment and as such there are no reportable segments as defined by AS-17 on segment reporting, as issued by the Institute of Chartered Accountants of India (ICAI)

31. RELATED PARTY DISCLOSURES

As per Accounting Standard 18, for the year ended 31st March 2016

(as identified & certified by the management)

| Enterprises under significant influence of key management. | | |
|--|--|---|
| 1 | Isinox Steels Limited | |
| 2 | Indiasteel International P.Ltd. | |
| 3 | Inoxware P.Ltd. | |
| 4 | Isiworld Steel (I) P.Ltd. | |
| 5 | Isicom Traders P.Ltd. | |
| 6 | Isistar Exports P.Ltd. | |
| 7 | Isimetal (I) P.Ltd. | |
| 8 | Yeotmal Land Development & Trading Co.P.Ltd. | |
| 9 | Emgee Homes P.Ltd. | |
| 10 | ISL Global PTE Ltd. | |
| 11 | Gupta Housing P.Ltd. | |
| 12 | Titan Steel P.Ltd. | |
| Key Management personnel & their relatives. Mr.Ashwin H. Gupta Mr.Sudhir H Gupta Mr.Varun S.Gupta Mr.Rahul Yenukar | | |
| India Steel Industries Indiasteel International | | Enterprises over which Key Mangerial Personnel are able to exercise significant influence |



Notes forming part of the financial statements

| Nature of Transactions | Associates Amount in ₹ 31st March 2016 | Key Managerial Personnel | Others |
|-------------------------------|--|-----------------------------|--------|
| Lease Rentals | - | | - |
| Labour Charges Paid | 34,413,176 | | |
| Purchases | 371,010,366 | | |
| Purchases DEP B License | 7,632,436 | | |
| Sales | 2,168,654,625 | | |
| Sale of Plant & Machinery | 21,262,500 | | |
| Purchase of Plant & Machinery | 48,632,113 | | |
| Labour Charges Received | 167,079,239 | | |
| Commission | - | - | |
| Directors Remuneration | - | 20,461,200 | |
| Deposit | 5,200,000 | - | |
| Sundry Creditors | 367,738 | - | |
| Sundry Debtors | 108,124,424 | | |

Note 32 : Contingent Liabilities & Commitments

(₹ in Lakh)

| | 31st March 2016 | 31st March 2015 |
|---|-----------------|-----------------|
| A) Contingent Liabilities | | |
| 1) Claims against the company/disputed liabilities not acknowledged as debts | 168.16 | 165.51 |
| 2) Excise/Customs/Service Tax Matters decided in the companies favour in | 1,016.64 | 387.45 |
| 3) earlier years, in respect of which show cause notices have been received & contested | | |
| 4) Sales Tax matters in respect of which show cause notices have been received & contested | 136.30 | 159.52 |
| 5) Property Tax disputed / Provident Fund Disputed. | 230.00 | 22.95 |
| 6) Appeal in income tax pending for hearing. | 7.34 | |
| B) Preference Share Dividend | 553.08 | 525.12 |
| Commitments | | |
| Estimated amount of contracts remaining to be executed on capital account & not provided for. | 107.96 | 173.58 |

Note 33: Previous year figures have been regrouped/rearranged wherever necessary to correspond to current year figures. Figures are rounded off to the nearest rupee lacs.

As per Our Report Of Even Date Attached
For Thanawala & Company
Chartered Accountants
Firm Registration No. 110948W

For and on behalf of the Board

Vijay K.Thanawala

Ashwinkumar H Gupta

Sudhirkumar H Gupta

Varun S. Gupta

Proprietor

Chairman

Managing Director

Executive Director

M.N.015632

DIN: 00010850

DIN: 00010853

DIN: 02938137

Place : Mumbai

Date : 25th May 2016

**NOTICE**

NOTICE is hereby given that the Twenty Ninth Annual General Meeting of **INDIA STEEL WORKS LIMITED (CIN:L29100MH1987PLC043186)** will be held on Monday, 26th September, 2016 at 11.00 a.m. at the Registered office of the Company at India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2016, the Statement of Profit & Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors' thereon.
2. To appoint a Director in place of Mr. Aswinkumar Gupta (DIN-00010850) who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Varun Gupta (DIN-02938137) who retires by rotation and being eligible, offers himself for re-appointment.
4. Appointment of Auditors

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

"RESOLVED THAT pursuant to the provisions of the ordinary resolution passed by the Members at the 28th Annual General Meeting of the Company and the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) the re-appointment of M/s. Thanawala & Co., Chartered Accountants (Firm Registration No.110948W), as the Statutory Auditors of the Company for the financial year ending on 31st March, 2017, at such remuneration as may be determined by the Board of Directors and the said Auditors, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

SPECIAL BUSINESS:

5. 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 Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013, ("the Act") read with the Companies (Appointment and Qualification of Directors) Rules, 2014, Schedule IV to the Act and Clause 49 of the Listing Agreement, (including any statutory modification(s) or re-enactment thereof for the time being in force) Mrs. Riddhi Shah (DIN 07527966), who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director, be and is hereby appointed as Independent Director of the Company, for five consecutive years with effect from May 25, 2016 and whose office shall not be liable to determination by retirement of directors by rotation."

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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

"RESOLVED THAT Mr. Anant Badjatya (DIN 07035836), who was appointed as an Additional Director by the Board of Directors with effect from 25th day of May, 2016 and holds office upto the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as director of the Company."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things and take all such steps as may be necessary, proper and expedient to give effect to this resolution."



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

“RESOLVED THAT in supersession of all earlier resolutions passed by the shareholders of the Company in this respect and pursuant to clause (c) of sub-section (1) of section 180 and other applicable provisions, if any, of the Companies Act 2013 (hereinafter referred to as the “Act”), or any statutory modification or re-enactment thereof, the Board of Directors of the Company (hereinafter called “the Board”, which term shall be deemed to include any other Committee of the Board, which the Board may have constituted or hereinafter constitute for the time being, to exercise its powers including the powers conferred on the Board of Directors by this resolution, or any person(s) authorised by the Board or its Committee for such purposes), is hereby authorised to borrow from time to time as it may think fit, by way of loans or any other financial facilities from, or issue of bonds, debentures or other Securities whether convertible into equity/preference shares and/or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity/preference shares to, bank(s), financial or other institution(s), mutual fund(s), non-resident Indians, foreign institutional investors or any other person(s), body(ies) corporate, etc., whether share holder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 250 Crores (Rupees Two hundred and Fifty Crores Only).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds and things and to sign all such agreements, documents, papers and writings as may be deemed necessary, expedient or desirable to give effect to above resolutions.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.”

8. 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 all other applicable provisions 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), Mr. Vishesh Naresh Patani (Membership No. 30328) the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31st, 2017, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

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

“RESOLVED THAT pursuant to the provisions of the clause 49(VII) of the Equity Listing Agreement with the Stock Exchange and Section 188 of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 as applicable and any amendments thereto and subject to such other approvals, consents, permissions and sanctions of any authorities as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to ratify / approve all existing contracts / arrangements / agreements and to enter into contract (s) / transaction(s) with “Isinox Steels Limited” a related party within the meaning of the aforesaid law, the value of which either singly or all taken together may exceed ten per cent of the annual consolidated turnover of the Company as per audited financial statements of financial year 2015-16; having the following details and as detailed in the Explanatory Statement annexed hereto:

| Description of Contract | Total cumulative contract value with Related Party (₹ In Crore) |
|--|---|
| Sale, purchase, supply of any goods, including raw materials, finished products, scrap and capital goods, carrying out / availing job-work and hire of facilities, availing / rendering of marketing/ business transfer and other services, leasing of factory / office premises/facilities or any other transactions. | 600 |



RESOLVED FURTHER that the Board be and is hereby authorized to take such steps as may be necessary for obtaining approvals, statutory or contractual, in relation to the above and be authorized to approve aforesaid transactions and the terms & conditions thereof.

RESOLVED FURTHER that the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds and things, to sign, execute all such documents, instruments in writing on an ongoing basis as may be required in its absolute discretion pursuant to the above Resolution."

10. To consider and determine the fees for delivery of any document through a particular mode of delivery to a member and in this regard, to consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT pursuant to section 20 and other applicable provisions, if any, of the Companies Act, 2013 and relevant Rules prescribed thereunder, upon receipt of a request from a member for delivery of any document through a particular mode an amount of ₹ 50/- (Rupees Fifty Only) per each such document, over and above reimbursement of actual expenses incurred by the Company, be levied as and by way of fees for sending the document to him in the desired particular mode.

RESOLVED FURTHER THAT the estimated fees for delivery of the document shall be paid by the member in advance to the Company, before dispatch of such document.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Key Managerial Personnel of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as they may in their absolute discretion deem necessary, proper, desirable or expedient and to settle any question, difficulty, or doubt that may arise in respect of the matter aforesaid, including determination of the estimated fees for delivery of the document to be paid in advance.

By order of the Board
India Steel Works Complex,

Regd. Office:
Zenith Compound,
Khopoli, Raigad- 410203

Sudhir Gupta
Managing Director
DIN: 00010853

Place: Mumbai
Date: 12/08/2016

**NOTES:**

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.

- B. The instrument appointing the proxy (duly completed, stamped and signed) must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than 3 days written notice is given to the Company.
- C. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
- D. Pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made there under, and in terms of the approval given by the members at the Annual general meeting of the Company held on 28th September, 2015, the current auditors of the Company, M/s. Thanawala & Co., Chartered Accountants (Firm Registration No.110948W), are eligible to hold the office for a period of three years, until conclusion of the 30th Annual General Meeting of Company, subject to ratification by members at every subsequent Annual General Meeting. The ratification of appointment of auditors from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting along with their remuneration has been put up for the approval of members.
- E. Statement as required under section 102 (1) of the Companies Act, 2013, in respect of special business is annexed hereto.
- F. The Register of Members and the share transfer books of the Company will remain closed from **Tuesday, 20th September, 2016 to Monday, 26th September, 2016** both days inclusive.
- G. The Registrar and Transfer Agent of the Company M/s. Link Intime India Pvt Ltd is handling registry work in respect of shares held both in physical form and in electronic / demat form.
- H. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
- I. Electronic copy of the 29th Annual Report (including the Notice) of the Company inter alia indicating the process and manner of e-voting along with attendance slip and proxy form is being sent to all the Members whose E-mail ids are registered with the Company/Depository Participant(s) for communication purposes. For Members other than the above, physical copies of the Annual Report are being sent in the permitted mode. Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.
- J. Members may also note that an electronic copy of the 29th Annual Report including Notice along with attendance slip and proxy form will be available on the Company's website at www.indiasteel.in. Even after registering for e-communication, Members are entitled to receive such communication in physical form, upon making such a request for the same free of cost. For any communication, the shareholders may also send their request to the Company's investor E-mail Id: cosec@indiasteel.in
- K. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Registrar/Company.
- L. Non-Resident Indian Members are requested to inform Link Intime India Pvt Limited, immediately of change in their residential status on return to India for permanent settlement.
- M. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
- N. Members/Proxies/Representatives are requested to bring the attendance slip enclosed to the annual report / notice for attending the meeting.



- O. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- P. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

Q. Voting through electronic means

1. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Amendment Rules, 2015, the Company is pleased to provide its Shareholders with the facility to exercise their right to vote at the 29th Annual General Meeting (AGM) of the Company by 'remote e-voting' (e voting at a place other than the venue of the AGM). The business may be transacted through remote e-voting services provided by the Central Depository Services Limited (CDSL).
2. The facility for voting through polling paper shall also be made available to those shareholders who are present at the 29th AGM, but have not cast their votes by availing the remote e-voting facility. The Members who have exercised their voting through the remote e-voting may attend the meeting but shall not be entitled to cast their vote again at the AGM.
3. The Company has appointed Ms. Khyati Shah , Practicing Company Secretary (C.P.No. 9574) as Scrutinizer for conducting the remote e- voting and voting process at the AGM in a fair and transparent manner.
4. The instructions to members for voting electronically are as under :
 - (i) The remote e-voting period begins on **23rd September, 2016 at 09.00 a.m. (IST) and ends on 25th September, 2016 at 5.00 p.m. (IST)**. During this period shareholder of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date **19th September, 2016**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
 - (iii) Click on Shareholders.
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:

| 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) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible



to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant Company Name i.e. India Steel Works Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.**

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts 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.

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

General:

- (a) During the e-voting period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2016 may cast their votes electronically. Once the vote on a resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (b) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of 19th September, 2016.
- (c) Ms. Khyati Shah, Practicing Company Secretary, Membership No:- 22662 CP No:- 9574 Mumbai, cskhyatishah@gmail.com has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- (d) The scrutinizer shall within a period of not exceeding three working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

**ANNEXURE TO THE NOTICE**

Statement pursuant to section 102 of Companies Act, 2013 in respect of special business and details pursuant to Clause 49 of the Listing Agreement :

ITEM NO. 5 APPOINTMENT OF INDEPENDENT DIRECTOR**Ms. Riddhi D Shah:**

The Board of Directors of the Company appointed, pursuant to the provisions of sub-section (1) of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, and on the basis of the recommendation of Nomination & Remuneration Committee, Ms. Riddhi D Shah, as an Additional independent Director of the Company with effect from May 25, 2016.

In terms of the provisions of sub-section (1) of Section 161 of Companies Act, 2013, Ms. Riddhi D Shah would hold office up to the date of the ensuing Annual General Meeting.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Ms. Riddhi D Shah the office of Director of the Company.

Ms. Riddhi D Shah aged about 33 years is a Master of Law from Mumbai University & also cleared the exam of solicitor of England & Wales- QLTT. She is in practice over 10 years as a Lawyer. She has a good experience in the field of civil Law, Company Laws, Co-op. Society Laws, consumer law, Arbitration matters, Rent act matters and succession and family laws Ms. Riddhi D Shah is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has provided his consent to act as a Director.

Section 149 of the Act *inter alia* stipulates the criteria of independence should a company propose to appoint an independent director on its Board. As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a Company and he shall not be included in the total number of directors for retirement by rotation.

The Company has received a declaration from Ms. Riddhi D Shah that she meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. Ms. Riddhi D Shah possesses appropriate skills, experience and knowledge.

The Board considers that her association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Riddhi D Shah as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Riddhi D Shah as an Independent Director for a term of five years, for the approval by the shareholders of the Company.

Ms. Riddhi D Shah does not hold any shares directly or indirectly in the Company. She has no directorship in any other Company.

Copy of draft letters for appointment of Mrs. Riddhi D Shah as Independent Directors setting out the terms and conditions are available for inspection by members at the registered Office of the Company.

ITEM NO. 6 APPOINTMENT OF ADDITIONAL DIRECTOR**Mr. Anant Badjatya**

The Board of Directors of the Company appointed, pursuant to the provisions of sub-section (1) of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company, and on the basis of the recommendation of Nomination & Remuneration Committee, Mr. Anant Badjatya, as professional Director of the Company with effect from May 25, 2016.

In terms of the provisions of sub-section (1) of Section 161 of Companies Act, 2013, Mr. Anant Badjatya would hold office up to the date of the ensuing Annual General Meeting.

Except the appointee Directors no other Directors are interested in the resolutions set out at Item No.5 & 6 of the notice with regard to their appointments. The relatives of the said appointee Directors may be deemed to be interested in the resolutions set out at Item no. 5 & 6 of the Notice, to the extent of their Shareholding interest, if any, in the Company.

Save and except the above, none of the Directors/ Key Managerial personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution. The board commends the Ordinary Resolutions set out at Item No. 5 & 6 of the notice for approval of the shareholders.

**ITEM NO.7 : BORROWING POWERS**

The Shareholders of the Company had authorised the Board of Directors of the Company by way of Special Resolution in the year 1996, under clause (d) of sub-section (1) of Section 293(now repealed) of the Companies Act, 1956to borrow moneys for the purpose of the Company's business in excess of the paid-up capital of the Company and its free reserves provided the sum or sums so borrowed and remaining outstanding at any point of time shall not exceed Rs. 250Crores(Rupees Two Hundred and Fifty Crores).

However, pursuant to the provisions of clause (c) of sub-section (1) of Section 180 of the Companies Act, 2013 (the 'Act'), the Board can exercise such borrowing powers only with the approval of Members of the Company by way of Special Resolution. It may be mentioned that there is no change in the borrowing limit of Rs. 250 Crores (Rupees Two Hundred and Fifty Crores) as earlier approved by the shareholders. The resolution is accordingly recommended for approval as a Special Resolution by the Shareholders of the Company.

In compliance with Section 293(1)(a) of the Companies Act, 1956, Members of the Company had authorised Board of Directors to create charge on assets/undertakings of the Company to secure its borrowings from time to time. Consequent to repeal of Section 293(1)(a) of Companies Act, 1956, to facilitate the Board to create mortgage / charge on assets and/or undertakings of the Company from time to time, to secure borrowings of the Company, it is recommended that your Board be authorised for the purpose under the provision of Section 180(1) (a) of the Companies Act, 2013.

The Board recommends the Resolutions for your approval. None of the Directors, Key Managerial Personnel of the Company, and/or their relatives is deemed to be concerned or interested in the proposed resolution.

ITEM NO.8: APPROVAL OF REMUNERATION PAYABLE TO COST AUDITOR

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31st, 2017 as per the following details:

Name of the Cost Auditor : Vishesh N. Patani Audit fees: Rs. 200,000/-

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company. Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No.13 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending March 31st, 2017.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.13 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.13 of the Notice for approval by the shareholders.

ITEM NO.9: APPROVAL OF ARRANGEMENTS/TRANSACTIONS WITH RELATED PARTIES

Pursuant to Section 188 of the Companies Act, 2013 ("the Act"), read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company is required to obtain consent of the Board and prior approval of the members by special resolution in case certain Related Party Transactions exceed such sum as is specified in the rules. The aforesaid provisions are not applicable in respect transactions entered into by the Company in the ordinary course of business on arm's length basis.

However, pursuant to clause 49 of the Listing Agreement with the Stock Exchanges ("clause 49") as amended, approval of the shareholders through special resolution is required for all 'material' related party transactions (RPT) even if they are entered into in the ordinary course of business on arm's length basis. For this purpose, a RPT will be considered 'material' if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

The following transactions to be entered into by the Company, together with transactions already entered into by the Company with Isinox Steels Limited, a related party, during the current financial year, even though are in the ordinary course of business and on an arm's length basis, are estimated to exceed 10% of the annual consolidated turnover of the Company as per the audited financial statements of the Company for the year ended 31st March, 2016:-



| Sl. No | Nature of Transaction | FY: 2016-17 Estimated Annual Value of Contracts & Services [in ₹ crore] |
|--|---------------------------------|---|
| Sale of Goods & rendering of Services by the Company to Isinox Steels Limited | | |
| 1 | Sale | 250 |
| 2 | Job Work Income | 50 |
| Total Income | | 300 |
| Purchase of Goods & receiving of Services by the Company from Isinox Steels Limited | | |
| 1 | Purchase | 250 |
| 2 | Job Work Charges / Hire Charges | 50 |
| Total Expenditure | | 300 |
| Total Transaction Value | | 600 |

The other particulars of the transaction pursuant to para 3 of Explanation (1) to Rule 15 of Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

1. Name of the related party: Isinox Steels Ltd.
2. Name of the director or key managerial personnel who is related, if any: Mr. Ashwin H Gupta, Mr. Sudhir H Gupta, Mr. Varun S Gupta, Mr. T R Bajalia and Mrs, Kavita Joshi.
3. Nature of relationship: Isinox Steels Ltd., is owned by the aforesaid Promoter Directors and their relatives. Mr. Rahul Yenukar is a Technical Director on Board of both the Companies though he does not have any shareholding in either of the Companies.
4. Nature of the Contract or arrangement : Isinox Steels Ltd. purchases, sells, avails services and also renders services, gives advances against its orders, provides and accepts short term Inter Corporate Deposits to/from the Company in normal course of business at commercial terms, from time to time, on an on-going concern basis. Isinox Steels Ltd. has also entered into a long-term 'Conversion Agreement' with the Company with effect from 1st April 2014.
5. Material Terms of the Contract or arrangement including the value: The Contracts/arrangements/Agreements are renewable mutually for further periods as the Board may deem fit. The business value of the transactions could be up to Rs.600Cr. p.a. (based on last year's operational value) with an increment of not more than 100% per annum on account of growth of business of the Companies.
6. Any other information relevant or important for the members to take a decision on the proposed resolution: All transactions are mutually beneficial to the business of both the Companies wherein pricing and other commercial terms are determined on the basis of prevalent market terms. Both the Companies are also subject to the transfer pricing norms prevalent in the Country.

Except Mr. Ashwin H Gupta, Mr. Sudhir H Gupta, Mr. Varun S Gupta, Mr. T R Bajalia and Mrs. Kavita Joshi, none of the other Directors, Key Managerial Personnel of the Company or their respective relatives are in any way concerned or interested in the said Resolution.

The above transactions are approved by the Audit Committee as per the provisions of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges. In view the above, it is proposed to seek approval of the members of the Company through Special resolution for the above transactions and the related parties are abstained from voting on the said resolution. None of the Directors, Key Managerial Personnel or their relatives is interested or concerned in the said resolution except for their holdings in the shares of the Company and to the extent of their memberships and/ or directorships in the Isinox Steels Limited.

The Board recommends the Resolution at Item Nos. 10 of the Notice for approval of the Members.

ITEM NO. 10: As per the provisions of Section 20 of the Companies Act, 2013 a document may be served on any member by sending it to him by Post or by Registered post or by Speed post or by Courier or by delivering at his office or address or by such electronic or other mode as may be prescribed. It further provides that a member can request for delivery of any document to him through a particular mode for which he shall pay such fees as may be determined by the company in its Annual General Meeting. Therefore, to enable the members to avail of this facility, it is necessary for the Company to determine the fees to be charged for delivery of a document in a particular mode, as mentioned in the resolution. Since



the Companies Act, 2013 requires the fees to be determined in the Annual General Meeting, the Directors accordingly commend the Ordinary Resolution at item no. 10 of the accompanying notice, for the approval of the members of the Company. None of the Directors and/or Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at item no.10 of the accompanying Notice.

DETAILS OF DIRECTOR SEEKING APPOINTMENT / RE-APPOINTMENT:

As required under Clause 49 of the listing Agreement with the stock exchange details of the Directors seeking re-appointment are as follows:

Mr. Ashwinkumar Gupta (DIN: 00010850), Promoter Director, aged about 66 years, is B.E. Mech. from the Mumbai University and has been associated with the Company since incorporation of the Company. Presently he is the executive Chairman and holds 5515825 shares consisting of 1.39% of the Equity share Capital of the Company. He is member of stakeholder's relationship committee of the Company. He has no Directorship in other Public Limited Companies in India. He has other Directorships in following Companies:

Isimetals India Pvt Ltd., Isicom Traders Pvt Ltd, Isiworld Steels Pvt Ltd, Isistar Exports Pvt Ltd, Emgee Homes Pvt Ltd, Harbour View Reality Pvt Ltd, Gupta housing Pvt Ltd, India Steel International Pvt Ltd, Sanhash Motors Pvt Ltd. None of the Directors are concerned or interested in the resolution.

Mr. Varun Gupta is a Director of the Company since 2009. He is a graduate in Business administration from the Bond University, Gold Coast, Australia. He holds 204800 shares consisting of 0.05% of the Equity share Capital of the Company. He has other Directorships in following Companies:

Isinox Steels Ltd. and Level Enterprises Pvt Ltd. None of the Directors are concerned or interested in the resolution.

Regd. Office:
Zenith Compound,
Khopoli, Raigad- 410203

Place: Mumbai
Date: 12/08/2016

By order of the Board
India Steel Works Complex,

Sudhir Gupta
Managing Director
DIN: 00010853



INDIA STEEL WORKS LIMITED

(CIN: L29100MH1987PLC043186)

Regd. Office: India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203

Tel :+912192265812; **Fax :** +912192264061/+912249102099 **Website:** www.indiasteel.in **E-mail:** cosec@indiasteel.in

ATTENDANCE SLIP

Reference Folio No./ Client ID _____

No. of Shares _____

Name of shareholder _____

I/We hereby record my/our presence at the 29th ANNUAL GENERAL MEETING of the Company held on Monday, 26th September, 2016 at 11:00 a. m. at the Registered Office of the Company at India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203, Maharashtra.

Signature of the Shareholder/Proxy

Please fill attendance slip and hand it over at the entrance of the meeting hall.

TEAR HERE



INDIA STEEL WORKS LIMITED

(CIN: L29100MH1987PLC043186)

Regd. Office: India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203

Tel :+912192265812; **Fax :** +912192264061/+912249102099 **Website:** www.indiasteel.in **E-mail:** cosec@indiasteel.in

PROXY FORM-MGT-11

Name of the member(s):

E-mail ID:

Registered address:

Folio No/DP ID-Client ID:

I/We, being the member (s) ofshares of the above named company, hereby appoint (1)

| | |
|------------|--|
| Name: | |
| E-mail Id: | |
| Address | |
| Signature | |

or failing him

(2)

| | |
|------------|--|
| Name: | |
| E-mail Id: | |
| Address | |
| Signature | |

or failing him

(3)

| | |
|------------|--|
| Name: | |
| E-mail Id: | |
| Address | |
| Signature | |

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on the **Monday, 26th September, 2016** at 11:00 a.m at India Steel Works Complex, Zenith Compound, Khopoli, Raigad-410203 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr.No. | Resolutions | For | Against |
|--------------------------|--|-----|---------|
| ORDINARY BUSINESS | | | |
| 1 | Adoption of Financial Statements for the year ended 31st March, 2016 | | |
| 2 | Re-appointment of Mr. Ashwinkumar H. Gupta who retires by rotation. | | |
| 3 | Re-appointment of Mr. Varun S Gupta who retires by rotation. | | |
| 4 | Ratification to the Re-appointment M/s. Thanawala & Co., Chartered Accountants, Auditors of the Company & fixing remuneration. | | |
| SPECIAL BUSINESS | | | |
| 5 | Approval to the appointment of Ms. Riddhi Shah as Independent Director | | |
| 6 | Approval to the appointment of Mr. Anant Badjatya as Director | | |
| 7 | Approval /Authority to the Board to Borrow | | |
| 8 | Ratification of Remuneration payable to Cost Auditor | | |
| 9 | Approval of arrangements / transactions with related parties. | | |
| 10 | Determination of fees to be charged for service of document in a particular mode. | | |

Signed.....this..... day of.....2016.

Signature of Shareholder

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder



Notes:

1. proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 29th Annual General Meeting
3. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission

TEAR HERE

If undelivered Please Return to :



Registered Office : India Steel Works Complex, Zenith Compound, Khopoli,
Raigad-410203, Maharashtra.
Telephone : 02192 266005/ 02192 266007 Fax : 02192 264061 E Mail : info@indiasteel.in
Website : <http://www.indiasteel.in>