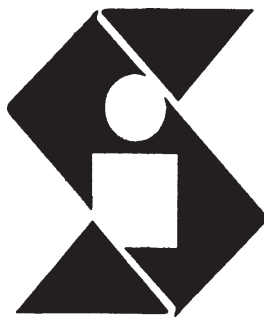


**SATHAVAHANA ISPAT LIMITED**



**24<sup>TH</sup>**  
**ANNUAL REPORT**  
**2012 - 13**

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AGM	:	24 <sup>th</sup> Annual General Meeting.
Day and Date	:	Monday, the 30 <sup>th</sup> September, 2013
Time	:	03.00 p.m.
Venue	:	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad - 500 038
Date of book Closure		
i) Physical mode	:	16.09.2013 to 30.09.2013 (both days inclusive)
ii) Electronic mode	:	15.09.2013
ISIN No.	:	INE 176C01016
Listing	:	BSE Limited (BSE) (Stock Code : 526093) National Stock Exchange of India Limited (NSE) (Stock Code : sathaispat)

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## General Corporate Information

<b>BOARD OF DIRECTORS:</b>	Shri K.Thanu Pillai	Chairman
	Shri A.S.Rao	Executive Vice Chairman
	Shri Khaja Ruknuddin	Director
	Shri Syed Anis Hussain	Director
	Shri S.N.Rao	Director
	Shri A. Naresh Kumar	Managing Director
<b>CHIEF FINANCIAL OFFICER &amp; COMPANY SECRETARY</b>	Shri. K.V. Krishna Rao	
<b>AUDITORS</b>	M/s. P.V.R.K. Nageswara Rao & Co.,	Chartered Accountants
<b>BANKERS:</b>	State Bank of Hyderabad	
	Canara Bank	
	Andhra Bank	
<b>REGISTERED OFFICE</b>	314, Sri Rama Krishna Towers, Nagarjuna Nagar, Ameerpet, Hyderabad - 500 073.	
<b>CORPORATE OFFICE &amp; SECRETARIAL DEPARTMENT</b>	505, 5th Floor, Block - 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016.	
<b>SHARE TRANSFER AGENTS</b>	M/s. XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, HYDERABAD – 500 034.	
<b>WORKS :</b>	1. Haresamudram Village, Bommanahal Mandal, Ananthapuram District, Andhra Pradesh.	
	2. Kudithini Village, Korugodu Road, Bellary District, Karnataka.	

**NOTICE OF 24<sup>TH</sup> ANNUAL GENERAL MEETING**

**NOTICE** is hereby given that the 24<sup>th</sup> Annual General Meeting of the shareholders of **SATHAVAHANA ISPAT LIMITED** will be held at Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad – 500 038 on Monday, the 30<sup>th</sup> September, 2013 at 03.00 p.m. to transact the following business:

**AS ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2013 along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri K. Thanu Pillai, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Khaja Ruknuddin, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors for the current year under section 224 of the Companies Act, 1956 and fix their remuneration. The retiring Auditors M/S. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad, are eligible for reappointment.

To consider and, if thought fit, to pass the following resolution, with or without any modifications as an **ORDINARY RESOLUTION**:

“RESOLVED that, pursuant to section 224 of the Companies Act, 1956, M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, (Firm's Registration Number: 002283S) Hyderabad, retiring Auditors of the Company, be and are hereby reappointed as Auditors of the Company till the conclusion of next Annual General Meeting on a remuneration to be decided by the Board of Directors of the Company plus service tax and out of pocket expenses”.

By order of the Board

Hyderabad

Date: 30.05.2013

**(A. NARESH KUMAR)**  
MANAGING DIRECTOR

**NOTES:**

1. THE RELEVANT DETAILS OF DIRECTORS, AS REQUIRED BY CLAUSE 49 OF THE LISTING AGREEMENTS ENTERED INTO WITH THE STOCK EXCHANGES, SEEKING RE-APPOINTMENT UNDER ITEM NOS. 2 AND 3 ABOVE ARE ANNEXED.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. MEMBER INTENDING TO APPOINT A PROXY SHOULD COMPLETE THE PROXY FORM FURNISHED ELSEWHERE AND DEPOSIT IT AT THE COMPANY'S CORPORATE OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM **16.09.2013 TO 30.09.2013** (BOTH DAYS INCLUSIVE) FOR TRANSFERS IN PHYSICAL MODE AND ON CLOSING OF **15.09.2013** FOR ELECTRONIC MODE FOR DETERMINING THE NAMES OF MEMBERS ELIGIBLE FOR THE PURPOSES OF ANNUAL GENERAL MEETING.
4. THE MEMBERS WHO HAVE SO FAR NOT ENCASHED THEIR DIVIDEND WARRANTS RELATING TO THE DIVIDEND DECLARED FOR THE FINANCIAL YEARS ENDING 31<sup>ST</sup> MARCH, 2006, 31<sup>ST</sup> MARCH 2007, 31<sup>ST</sup> MARCH 2008, 31<sup>ST</sup> MARCH 2009, 31<sup>ST</sup> MARCH 2010 AND 31<sup>ST</sup> MARCH 2011 MAY APPROACH THE COMPANY WITHOUT ANY FURTHER DELAY FOR THE PAYMENT OF THE SAID WARRANTS. PURSUANT TO PROVISIONS OF SECTION 205C OF THE COMPANIES ACT, 1956 THE UNCLAIMED DIVIDEND AT THE END OF SEVEN YEARS WILL HAVE TO BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND MAINTAINED BY THE CENTRAL GOVERNMENT, WHEREBY THE MEMBERS WILL NOT BE ABLE TO CLAIM THE SAID DIVIDEND FOREVER THEREAFTER. ACCORDINGLY THE UNCLAIMED DIVIDEND FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2006, 31<sup>ST</sup> MARCH 2007, 31<sup>ST</sup> MARCH 2008, 31<sup>ST</sup> MARCH 2009, 31<sup>ST</sup> MARCH 2010 AND 31<sup>ST</sup> MARCH 2011 WILL HAVE TO BE CLAIMED BY THE SHAREHOLDERS ON OR BEFORE 29<sup>TH</sup> SEPTEMBER 2013, 29<sup>TH</sup> SEPTEMBER 2014, 29<sup>TH</sup> SEPTEMBER 2015, 29<sup>TH</sup> SEPTEMBER 2016, 29<sup>TH</sup> SEPTEMBER 2017 AND 29<sup>TH</sup> SEPTEMBER 2018 RESPECTIVELY AND THEREAFTER IT WILL BE TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND ON OR BEFORE 28<sup>TH</sup> OCTOBER 2013, 28<sup>TH</sup> OCTOBER 2014, 28<sup>TH</sup> OCTOBER 2015, 28<sup>TH</sup> OCTOBER 2016, 28<sup>TH</sup> OCTOBER 2017 AND 28<sup>TH</sup> OCTOBER 2018 AS THE CASE MAY BE.
5. MEMBERS DESIROUS OF SEEKING CLARIFICATIONS ON ACCOUNTS ARE REQUESTED TO SEND THEIR QUERIES TO THE CORPORATE OFFICE ADDRESS OF THE COMPANY AT LEAST SEVEN DAYS BEFORE THE DATE OF THE ANNUAL GENERAL MEETING TO ENABLE THE COMPANY TO COMPILE AND FURNISH REQUIRED INFORMATION.
6. THE SHAREHOLDERS HOLDING SHARES IN PHYSICAL MODE ARE REQUESTED TO INTIMATE IMMEDIATELY ANY CHANGE IN THEIR ADDRESS REGISTERED WITH THE COMPANY TO THE SHARE TRANSFER AGENTS M/S XL SOFTECH SYSTEMS LIMITED, #3, SAGAR SOCIETY, ROAD NO.2, BANAJARA HILLS, HYDERABAD – 500 034.
7. THE SHAREHOLDERS ARE HEREBY REQUESTED THAT ALL THE CORRESPONDENCE IN CONNECTION WITH THE SHARES BE

ADDRESSED TO THE SHARE TRANSFER AGENTS OF THE COMPANY M/S XL SOFTECH SYSTEMS LIMITED, #3, SAGAR SOCIETY, ROAD NO.2, BANAJARA HILLS, HYDERABAD – 500 034 OR TO THE SECRETARIAL DEPARTMENT OF THE COMPANY AT 505, 5<sup>TH</sup> FLOOR, BLOCK-1, DIVYASHAKTI COMPLEX, AMEERPET, HYDERABAD – 500 016.

8. PURSUANT TO THE DIRECTIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) THE SHARES OF THE COMPANY ARE TO BE COMPULSORILY TRADED IN DEMAT MODE W.E.F 26<sup>TH</sup> FEBRUARY, 2001. MEMBERS HOLDING SHARES IN PHYSICAL MODE MAY THEREFORE, CONVERT THEIR EQUITY HOLDINGS OF THE COMPANY INTO DEMAT MODE BY OPENING THE DEMAT ACCOUNTS WITH DEPOSITORY PARTICIPANTS WHO ARE ACTING AS AGENTS TO THE DEPOSITORIES VIZ., NSDL AND CDSL. THE COMPANY HAS BEEN ALLOTTED THE ISIN NO. INE176C01016. HOWEVER, MEMBERS MAY CONTINUE TO HOLD THE SHARES OF THE COMPANY IN PHYSICAL FORM AT THEIR OPTION BUT FOR TRADING THE SAME ON THE STOCK EXCHANGES, CONVERSION INTO DEMAT MODE IS COMPULSORY.
9. MEMBERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT TO THE MEETING. MEMBERS / PROXIES SHOULD FILL THE ATTENDANCE SLIP FOR ATTENDING THE MEETING. MEMBERS / PROXIES ARE REQUESTED TO FILL IN THE CLIENT ID AND DP ID NUMBERS IN CASE OF ELECTRONIC HOLDING AND FOLIO NUMBER
10. IN CASE OF PHYSICAL HOLDING IN THE ATTENDANCE SLIPS. CORPORATE MEMBERS WISHING TO DEPUTE THEIR AUTHORISED REPRESENTATIVES ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF BOARD RESOLUTION AUTHORISING THEIR REPRESENTATIVES TO ATTEND AND VOTE AT THE GENERAL MEETING.
10. MEMBERS HOLDING SHARES IN PHYSICAL FORM AND DESIROUS OF AVAILING THE BENEFIT OF NOMINATION FACILITY IN TERMS OF SECTION 109A OF THE COMPANIES ACT, 1956 READ WITH ARTICLE 64A OF ARTICLES OF ASSOCIATION OF THE COMPANY, MAY DO SO BY SENDING THEIR REQUESTS IN FORM 2B COPY OF WHICH WILL BE MADE AVAILABLE ON A REQUEST TO THE SHARE TRANSFER AGENTS M/S. XL SOFTECH SYSTEMS LIMITED OR COMPANY'S SECRETARIAL DEPARTMENT.
11. THE EQUITY SHARES OF THE COMPANY ARE LISTED ON BSE LIMITED (FORMERLY THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (STOCK CODE: 526093) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED, MUMBAI (STOCK CODE: SATHAISPAT). THE ANNUAL LISTING FEE TO THE STOCK EXCHANGES WHERE THE COMPANY'S SHARES ARE LISTED HAS BEEN PAID UPTO DATE. THE LISTING ON THE HYDERABAD STOCK EXCHANGE LIMITED, HYDERABAD, (STOCK CODE: SVI) IS NOT IN FORCE AS THE SAID EXCHANGE HAS BEEN DERECOGNISED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA.

### **DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**

(in pursuance of Clause 49 of the Listing Agreements)

Name of Director	Shri K Thanu Pillai	Shri Khaja Ruknuddin
Date of Birth	14.05.1935	03.01.1933
Date of Appointment	29.01.1999	30.07.2001
Qualifications	B.Com., M.B.A., C.A.I.I.B.	B.A., LL.B., C.A.I.I.B.
Expertise in specific functional areas	Over 35 years in Commercial Banking and Financial Management	Commercial Banking, Human Resources and Financial Management
List of Companies in which outside directorship held as on 31 <sup>st</sup> March, 2013.	<ol style="list-style-type: none"> <li>1. Aishu Castings Ltd.</li> <li>2. Amar Bio-Tech Limited</li> <li>3. BSCPL Infra Projects Limited</li> <li>4. Bollineni Developers Limited</li> <li>5. Krishna Institute of Medical Sciences Ltd.</li> <li>6. Sagar Cements Limited</li> <li>7. Simhapuri Expressway Limited</li> <li>8. DNN Realtors Pvt. Ltd.</li> <li>9. RAA Advisory Services Pvt. Ltd.</li> <li>10. Venkateswara Financiers Hyderabad Pvt. Ltd.</li> </ol>	1. Babuji Estates (P) Limited
Chairman / Member of the Committees of the Board of the other Companies in which he is a Director as on 31 <sup>st</sup> March, 2013.	<ol style="list-style-type: none"> <li>1. Member, Audit Committee, Krishna Institute of Medical Sciences Limited.</li> <li>2. Member, Audit Committee, Sagar Cements Limited.</li> <li>3. Member, Remuneration Committee, Sagar Cements Limited.</li> <li>4. Member, Audit Committee, Venkateswara Financiers Hyderabad Pvt. Ltd.</li> </ol>	Nil

By order of the Board

Hyderabad  
Date: 30.05.2013

**(A. NARESH KUMAR)**  
MANAGING DIRECTOR

## DIRECTORS' REPORT

To

**The Members,**

**SATHAVAHANA ISPAT LIMITED,**

Your Directors have pleasure in presenting the 24<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2013.

**FINANCIAL RESULTS:**

Your Directors report the following financial results for the year 2012-13:

(Amount in ₹)			
SL NO.	Particulars	Year ended 31-03-2013	Year ended 31-03-2012
1.	Gross Revenue from operations	8042717802	6885378047
2.	Other Income	128454013	120604176
3.	Operating profit/(loss) before finance costs and depreciation	1005446905	(237348923)
4.	Finance costs	715019240	433439056
5.	Depreciation and Amortisation	232506274	198998588
6.	Profit/(loss) before Tax	57921391	(869786567)
7.	Tax expense	35927147	(75307698)
8.	Net Profit/(loss) after Tax	21994244	(794478869)
9.	Add: Profit/(loss) brought forward from last year	(96319796)	698159073
10.	Balance carried forward	(74325552)	(96319796)
11.	Earning/(loss)per Equity Share-Basic	0.59	(22.96)
12.	Earning/(loss)per Equity Share-Diluted	0.57	(22.96)

Your Directors report that the performance of the Company during the year under review is satisfactory as the Company is able to maintain its sales trend despite capital shut down of Blast Furnace; slackening demand and general slow down in the economy. Although the Company was able to maintain the sales trend, yet the profitability has not improved due to lower margins; high interest costs and adverse foreign exchange fluctuations. However the Company is successfully able to stop the loss and return to its profitability track record despite adverse economic conditions. The gross revenue from operations at ₹8042717802/- is higher as compared to previous year's revenue of ₹6885378047/-. The year ended with a Profit before tax of ₹57921391/- as against Loss before tax of ₹869786567/- in the previous year. Accordingly, the earnings per share accounted for at ₹0.59 as compared with Loss per share of ₹22.96 in the previous year.

**DIVIDEND:**

The Board of Directors has not recommended any Dividend for the year 2012-13, due to very tight cash flows in view of the moderate profit during the year and funds commitment to the ongoing integrated project at Haresamudram plant.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, Your Directors hereby confirm that:

- i) The applicable Accounting Standards have been followed in the preparation of annual accounts for the financial year 2012-13;
- ii) The accounting policies selected were applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2013 and of the Profit of the Company for the year ended on the date;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and,
- iv) The annual accounts have been prepared on a going concern basis.

**AUDIT COMMITTEE:**

The Audit Committee comprises Chairman -Shri K.Thanu Pillai, independent Director and three other independent Director members -Shri Khaja Ruknuddin, Shri Syed Anis Hussain and Shri S.N.Rao. The Audit Committee at its meeting held on 30<sup>th</sup> May 2013 has considered and approved the Audited Accounts for the financial year ended 31<sup>st</sup> March 2013. The Audited Accounts for the financial year ended 31<sup>st</sup> March 2013, as approved and recommended by the Audit Committee, do not require any explanations from the Board.

**CORPORATE GOVERNANCE:**

Pursuant to Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, Company is required to comply with the Code of Corporate Governance for the financial year under review. Accordingly, the reports on Corporate Governance and Management Discussion and Analysis together with Auditors' Report on compliance of Corporate Governance are attached to this report and forms part of the Annual Report.

**PROJECT:**

The Integrated expansion project at Haresamudram village for manufacture of DI Pipes, setting up Sinter Plant and captive Power plant as also the modernisation of Blast Furnace is in progress. Modernisation of Blast Furnace has been completed and re-commissioned on 8<sup>th</sup> January 2013. Sinter Plant is under trial runs. Major Orders for DI Pipe making plant and captive Power plant have been placed. There is some change in the scope of the project and the same has been appraised by the Consortium of banks and requests for additional term loans are under process. Accordingly the commissioning of the project stands postponed to March 2014.

**DIRECTORS:**

Shri K. Thanu Pillai and Shri Khaja Ruknuddin, Directors are liable for retirement by rotation at the end of the ensuing 24<sup>th</sup> Annual General Meeting and being eligible, offers themselves for re-appointment at the said Annual General Meeting.

**AUDITORS:**

M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad retire as Auditors at this Annual General Meeting and are eligible for reappointment.

**EMPLOYEES:**

The particulars of employees required to be furnished pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given as there were no employees drawing more than the stipulated limits.

**SHARE CAPITAL:**

During the year Ganapati Adusumilli Fininvest Private Limited, the allottee of Share Warrants, has exercised option of conversion of 1970000 Share Warrants (out of 1970000 Share Warrants outstanding at the beginning of the year) to 1970000 Equity Shares. Accordingly, as on 31<sup>st</sup> March 2013, the Share Warrants issued and allotted stands fully subscribed. Subsequent to the above exercise of option the paid up share capital has gone up by ₹1,97,00,000/- and Securities Premium by ₹9,85,00,000/- while squaring off the Money Received on Share Warrants account. Accordingly the Paid up capital now stands at ₹38,40,00,000/- and Securities Premium Account at ₹60,50,00,000/-

**DEMATERIALISATION OF EQUITY SHARES:**

The Agreements entered into by the Company with the two Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares are in force and the Company's Shares are in dematerialised mode under ISIN No. INE 176C01016. As per the Securities and Exchange Board of India (SEBI) directives, the Equity Shares of the Company are to be compulsorily traded in dematerialisation form with effect from 26<sup>th</sup> February 2001. In view of the significant benefits that accrue on dematerialisation of securities, members may avail the facility.

**LISTING OF SHARES ON STOCK EXCHANGES:**

The Equity Shares of the Company are regularly traded on BSE Ltd (formerly The Bombay Stock Exchange Limited) Stock Code:526093 and The National Stock Exchange of India Limited (NSE) Stock Code: sathaispat. The listing fee to these stock exchanges has been paid upto date. The listing on Hyderabad Stock Exchange Limited (Stock Code: SVI) is not in force as the said exchange was de-recognised by The Securities and Exchange Board of India.

**STATUTORY INFORMATION:**

Information on conservation of energy, technology absorption, foreign exchange earnings and out go required to be disclosed under section 217 (1) (e) of the Companies Act, 1956, is given in the Annexure forming part of this report.

**FIXED DEPOSITS:**

During the year the Company has not accepted fixed deposits within the meaning of Section 58-A of the Companies Act, 1956. There are no overdue deposits or outstanding deposits as on the Balance Sheet date.

**ACKNOWLEDGMENTS:**

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

for and on behalf of the Board

Place: Hyderabad  
Date: 30.05.2013

**(K. Thanu Pillai)**  
Chairman

**ANNEXURE TO DIRECTORS' REPORT**
**Statutory information as required under section 217(1)(e) of the Companies Act, 1956.**

- a) Conservation of energy: The Company has set-up a Captive Power Generation Plants, which utilise surplus Blast Furnace gas and waste heat from exhaust gases of Coke Ovens. The Power Plants have been functioning satisfactorily.
- b) Technology absorption: The technology sourced from SINO STEEL for the Pig Iron plant and Anshan Technology for Metallurgical Coke plant at Kudithini, both technologies sourced from P.R.China, stand fully absorbed.
- c) Foreign exchange earnings and outgo:

( Amount in ₹ )

I)	Foreign exchange earnings	:	
a)	F.O.B value of exports	:	Nil
II)	Foreign exchange outgo:		
a)	C.I.F. value of imports:		
i)	Raw materials	:	<b>4656712017</b>
ii)	Capital goods	:	<b>522618099</b>
iii)	Components and spare parts	:	<b>1035053</b>
b)	Travelling expenses	:	<b>2512850</b>
c)	Usance interest	:	<b>96226199</b>

for and on behalf of the Board

Place: Hyderabad  
Date: 30.05.2013

**(K. Thanu Pillai)**  
Chairman



## REPORT ON CORPORATE GOVERNANCE

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

Sathavahana Ispat limited believes that the Code of Corporate Governance is a necessary discipline and a means of achieving and attaining the goals and objectives of the Company and only proper Governance implemented in true spirit would lead to effectiveness and transparency in the functioning of a Corporate. The Company lays emphasis on basic Governance issues and supports the broad principles of Governance code viz., transparency, accountability and integrity.

Company's philosophy on Corporate Governance accordingly envisages attainment of high level of transparency, accountability and integrity in all its areas of operations on the one hand and in its interactions with stakeholders viz., shareholders, employees, customers, suppliers, lenders and the government on the other, with ultimate object of protecting the interests of all stakeholders, and enhancing the shareholders value over a sustained period of time.

### 2. BOARD OF DIRECTORS:

The Board of Directors consists of six Directors of which two are Executive and four are Non-executive Directors and among these two are Promoter Directors and four are Independent Directors. The Independent Directors constitute 66.67% of the Board's strength. Again Non-executive Directors constitute 66.67% of the board's strength. The Chairman of the board is Non-executive, Independent Director.

- Composition and category of Directors is as follows:

Category	Name of the Director
I. Executive Directors	1. Shri A.S.Rao
a) Promoters	2. Shri A.Naresh Kumar
II. Non-executive Directors	
a) Independent	1. Shri K. Thanu Pillai
	2. Shri Khaja Ruknuddin
	3. Shri Syed Anis Hussain
	4. Shri S.N.Rao

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

Name of the Director	Board meetings		Attendance at last AGM
	Held	Attended	
Shri K.Thanu Pillai	5	4	No
Shri A.S.Rao	5	5	Yes
Shri Khaja Ruknuddin	5	4	Yes
Shri Syed Anis Hussain	5	5	Yes
Shri A.Naresh Kumar	5	5	Yes
Shri S.N.Rao	5	5	Yes

- Number of other Board of Directorships, Board Committees he is a Member or Chairperson of:

Name of the Director	Board of Directors		Board Committees	
	Director	Chairman	Member	Chairman
Shri K.Thanu Pillai	10	None	3	1
Shri A.S.Rao	3	None	None	None
Shri Khaja Ruknuddin	1	None	None	None
Shri Syed Anis Hussain	2	None	None	None
Shri A.Naresh Kumar	4	None	None	None
Shri S.N.Rao	None	None	None	None

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

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

During the year the Company has held five Board of Directors meetings. The dates on which these meetings held were: 30<sup>th</sup> May 2012; 14<sup>th</sup> August 2012; 29<sup>th</sup> September 2012; 10<sup>th</sup> November 2012; and 14<sup>th</sup> February 2013. The maximum interval between any two meetings was not more than four calendar months.

- Reappointment of Directors at the 24<sup>th</sup> Annual General Meeting:

Shri K. Thanu Pillai and Shri Khaja Ruknuddin are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Shri K. Thanu Pillai, B.Com. CAIIB, M.B.A., is a retired banking professional who has served State Bank Group for about 35 years and retired as Managing Director of State Bank of Hyderabad. He is an

Independent Director on the Board of Directors of the Company. Mr. Thanu Pillai is also a Director on several other companies with rich experience in commercial banking and financial management.

Shri Khaja Ruknuddin, B.A., LL.B., CAIIB, is an Independent Director on the Board of Directors of the Company. Shri Ruknuddin had his entire career with State Bank of India and held senior positions including overseas assignments before retiring as its Dy. Managing Director. He was former Chairman of Banking Service Recruitment Board. He has rich experience in commercial banking, human resources and financial management.

### 3. AUDIT COMMITTEE:

The Audit Committee of Board of Directors comprises Shri K. Thanu Pillai, Shri Khaja Ruknuddin; Shri Syed Anis Hussain and Shri S.N.Rao as its members all of whom are Independent Non-executive Directors. Company Secretary is also functioning as Secretary to the Audit Committee. The Audit Committee meets the requirements of both section 292A of the Companies Act 1956 and Clause 49 of the Listing Agreement.

The Committee has all the powers, duties and obligations conferred upon and vested in it in terms of Section 292A of the Companies Act, 1956 as amended from time to time and also such additional powers, functions / features, duties, obligations and discretions as is contained in Clause 49 of the Listing Agreements entered into by the Company with the Stock Exchanges where the shares of the Company are listed and as amended from time to time and / or any other powers, duties and obligations that may be given or assigned from time to time by the Board of Directors and the said Committee shall submit its reports, recommendations etc., to the Board of Directors on all matters.

The Audit Committee met four times during the year. The attendance of the members at these meetings vis-à-vis meetings held was as under: Shri K. Thanu Pillai 4/4; Shri Khaja Ruknuddin 3/4; Shri Syed Anis Hussain 4/4 and Shri S.N.Rao 4/4.

### 4. REMUNERATION COMMITTEE:

Remuneration Committee comprises Shri K. Thanu Pillai; Shri Khaja Ruknuddin and Shri Syed Anis Hussain as its members all of whom are Independent Non-executive Directors.

The responsibility of the Committee is to review and fix the remuneration package of the Managing/

Whole-time Directors based on performance and other criteria; to consider and approve service contracts, notice period, severance fee; and to consider and approve stock option schemes, if any. The Committee met once during the financial year 2012-13.

Details of remuneration to all the Directors:

a)

Executive Directors:

Name of the Director	₹			
	Salary and Allowances	Benefits	Commission	Total
1. Shri A.S.Rao Executive vice Chairman	2884839	151966	956773	3993578
2. Shri A. Naresh Kumar Managing Director	3420000	212679	956773	4589452
Total	6304839	364645	1913546	8583030

Note: The above salary and allowances are net of recoveries made and in terms approval accorded by the Remuneration Committee in accordance with Schedule XIII of the Companies Act 1956.

b)

Non-executive Directors:

Name of the Director	Sitting fee (in ₹)			No. of Equity Shares held
	As a Director	As a Committee Member	Total	
1. Shri K. Thanu Pillai Director / Chairman	48000	35000	83000	2000
2. Shri Khaja Ruknuddin Director	48000	102000	150000	1000
3. Shri Syed Anis Hussain, Director	60000	35000	95000	1000
4. Shri S.N.Rao, Director	60000	32000	92000	Nil
Total	216000	204000	420000	4000

### 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

Shareholders'/Investors' Grievance Committee comprises Shri Khaja Ruknuddin, Shri A.S.Rao and Shri A.Naresh Kumar as its members and is headed by Shri Khaja Ruknuddin. Shri K.V. Krishna Rao, Chief Financial Officer & Company Secretary has been nominated as the Compliance Officer.

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