



**TOUGH TIMES
DON'T LAST...
TOUGH
PEOPLE
DO**

**SHYAM CENTURY FERROUS LIMITED
ANNUAL REPORT 2015-16**

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FORWARD-LOOKING STATEMENT

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written or oral, that we periodically make, contain forward-looking statements that set out anticipated results based on management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimates', 'expect', 'projects', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion relating to future performance of the Company.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Corporate Information

CIN : L27310ML2011PLC008578

BOARD OF DIRECTORS

Mr. Sajjan Bhajanka	Director
Mr. Nagraj Tater	Director
Mr. Aditya Vimalkumar Agrawal	Director
Mr. Mangilal Jain	Director
Mr. Santanu Ray	Director
Mrs. Plistina Dkhar	Director

AUDITORS

Kailash B. Goel & Co.
Chartered Accountants
70, Ganesh Chandra Avenue, 1st Floor
Kolkata – 700013

CHIEF EXECUTIVE OFFICER

Mr. M.V.K. Nageswara Rao

CHIEF FINANCIAL OFFICER

Mr. Debasis Mukhopadhyay

COMPANY SECRETARY

Ms. Rachna Pareek

BANKERS

The North Eastern Development Finance Corporation Ltd
Oriental Bank of Commerce

REGISTERED OFFICE

Vill: Lumshnong, P.O. Khaliehriat
Dist: East Jaintia Hills
Meghalaya - 793 210

WORKS

Ferro Alloy & Power Plant
EPIP, RajaBagan,
Byrnihat - 793 101
Ri-Bhoi, Meghalaya

CORPORATE OFFICE

'Satyam Towers', 1st Floor,
Unit No. 9B,
3, Alipore Road
Kolkata - 700 027
Phone : 033 22484169/70
Fax : 033 22484168
Email : investors@shyamcenturyferrous.com
Website : www.shyamcenturyferrous.com

REGISTRARS & SHARE TRANSFER AGENTS

Maheshwari Datamatics Pvt. Ltd.
6, Mangoe Lane (Surendra Mohan Ghosh Sarani),
2nd Floor, Kolkata - 700 001

From the Board of Directors

Dear Shareholders,

I am pleased to present you the FY2015-16 Annual Report of the Company. The year was a difficult one, not just for us but for the entire Ferro Alloy and Steel industry. It was a year that tested what we are made of and not what we make, a year in which only the resilient ones could survive. At Shyam Century Ferrous Limited (SCFL), we are ecstatic to face challenges as it motivates us to slog harder, come out of our comfort zones and bring out the best in us.

During the year, our topline declined marginally by 2% to ₹ 113.63 crore, regardless of a 16% increase in Ferro Silicon sales volume to 16,105 metric tonnes (MT), owing to a steep fall in Ferro Alloy prices globally, resulting in lower realisations. Further, the rising input costs (power and logistics costs) dented our profitability as EBITDA and PAT declined 56% and 80% respectively to ₹ 7.51 crore and ₹ 1.07 crore respectively. In the power business, the Company generated 552.46 lacs KWH compared to 641.17 lac KWH, all of which was captively consumed.

The Ferro Alloy business in India was negatively impacted due to two factors. Firstly, the downturn in the steel industry (primary consumer of Ferro Alloy) that drives the Ferro Alloys demand and prices. In FY2015-16, the steel production in India declined 1.1% to 91.12 million metric tonnes (MMT), consumption grew 4.3% to 80.27 MMT and exports fell 32% to 3.80 MMT. Despite, a rise in steel demand in India, the international prices of steel fell considerably given the weak demand in the major markets. This resulted in major producers (China, Japan and South Korea) to export steel at predatory prices to Indian market. The import glut in the Indian market severely impacted the financial health of steel players coercing them to undertake significant margin erosion and cost squeezing.

Secondly, the incessant dumping of Ferro Silicon from China, Malaysia and Bhutan was forcing the Indian Ferro Alloy players to take a hit on realisation.

These two factors significantly drove down Ferro Alloy realisations for Indian players. However, the strengthening Indian economy, rising infrastructure spending and roll-out of favourable policies by the Government is expected to enhance steel demand in India. The World Steel Association expects the steel demand in India to grow 5.4% yearly to 83.8 MMT in 2016 and 88.3 MMT in 2017. Besides, the imposition of minimum import price (MIP) on steel products by the Government in February 2016 is likely to protect the interests of Indian Steel and Ferro Alloy players.

TOUGH TIMES, TOUGHER RESOLVE

At SCFL, we believe that tough times don't last, but tough people do. It is this persistence and motivation that enabled us to convert the challenges into opportunities as we stepped on various initiatives to strengthen our business model that can enable us emerge stronger as a Company. These initiatives include:

- Undertaking various shop floor initiatives to enhance operational efficiencies and reduce cost of production.
- Strengthening quality control parameters across all production stages to meet the highest standards of product quality.
- Improving the reliability of power (through captive power generation) and raw materials supply (through improving relations and business terms with suppliers) to enhance plant uptime.
- Undertaking significant planning to create a structured supply chain system to improve finished goods supply reliability, ensure on-time delivery and provide value-added services to clients.

At SCFL, we believe that tough times don't last, but tough people do. It is this persistence and motivation that enabled us to convert the challenges into opportunities as we stepped on various initiatives to strengthen our business model that can enable us emerge stronger as a Company.

INDUSTRY OPTIMISM

- **Increased infrastructure spending:** The demand for steel is highly correlated to the developments in the infrastructure segment. For FY2016-17, the Government of India increased its allocation to the infrastructure sector by 32% to ₹ 2.21 lacs crore with roads, rural development, shipping and railways witnessing the highest rise in allocation. A sum of ₹ 97,000 crore has been allocated to roads sector for reviving stalled projects, constructing 10,000 kms of highway, constructing rural roads under the Pradhanmantri Gram Sadak Yojna and upgrading 50,000 kms of state highways to national highways. Railways received an allocation of ₹ 1,21,000 crore for various modernisation, cleanliness and expansion programmes. Ports received an allocation of ₹ 800 crore for development of new ports and ongoing work on National Waterways project. Other projects include modernisation of airports and construction/expansion of metro rail projects. Further, it is estimated that the country needs an investment of USD 1.5 trillion over the next 10 years to meet the shortfall in infrastructure sector.
- **Strengthening macro-economy:** The Indian economy grew strongly by 7.6% in FY2015-16 compared to 7.2% in FY2014-15 amidst declining global trade and economic slowdown. During the end of FY2015-16, most of major macro-economic factors were under control – inflation was under 5%, fiscal deficit reduced to 3.99% of the GDP, interest rates declined 75 basis points to 6.75% and forex reserves surged to USD 355.60 bn. Besides, the significantly improving manufacturing and business scenario in the country is likely to boost steel demand.
- **Growing automobile industry:** The Society of Indian Automobile Manufacturers (SIAM), the apex body of Indian automobile industry, expects the sector to grow

strongly driven by strong economic growth, rising disposable income, forecast of normal monsoon that shall drive rural demand and low interest rates. The automobile sector in India, being the primary consumer of steel is likely to boost steel demand.

Outlook FY2015-16, in spite of being one of the most difficult years in our existence could not dampen our spirits as we managed to remain profitable even when most of the players related to the sector suffered severe losses. Our robust business model, focus on quality, proximity to raw material and mines, and constant endeavour for improvement enabled us to survive the downturn. We shall continue to put in efforts to further strengthen the business to enable us become a relatively de-risked Company focussed on maximising shareholders' value.

MESSAGE TO SHAREHOLDERS

Finally, on behalf of the board, I would like to thank all the stakeholders (shareholders, suppliers, bankers, supply chain partners and employees) for being an important part of our journey. I would like to assure you that the Company and its employees are putting in great efforts to grow manifold in the coming years.

Regards,

On behalf of the Board of Directors
Sajjan Bhajanka
Director

Directors' Report & Management Discussion Analysis

Dear Shareholders,

Your Directors have pleasure in presenting the Fifth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2016 and the Statement of Profit & Loss for the year ended on that date.

FINANCIAL PERFORMANCE

The highlights of the financial performance of the Company for the Financial Year ended 31st March, 2016 as compared to the previous Financial Year are as under:-

Particulars	(₹ in Lacs)			
	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Net Sales / Income	11,363.42	11,591.00	11,363.42	11,591.00
Profit Before Depreciation, Interest & Tax	750.68	1,708.13	750.68	1708.13
Depreciation	(294.14)	(463.98)	(294.14)	(463.98)
Interest and Finance Charges	(297.77)	(334.62)	(297.77)	(334.62)
Exceptional Items	-	(28.23)	-	(28.23)
Profit Before Tax	158.77	881.30	158.77	881.30
Tax Expenses:				
-Current Tax	(54.56)	(354.04)	(54.56)	(354.04)
-Deferred Tax	3.19	4.95	3.19	4.95
Profit after Tax	107.40	532.21	107.40	532.21
Share of profit of associates	528.38	265.77	-	-
Net profit after taxes and share of profit of associates	635.78	797.98	-	-

During the year under review, your Company has sold 16,105 MT of Ferro Silicon as against 13,849 MT during the immediate previous year resulting an increase of 16 % in Sales volume despite stressed market condition.

SHARE CAPITAL

The paid up Equity Capital as on March 31, 2016 was ₹ 2,221.73 Lacs. During the year, pursuant to the Scheme of Arrangement as approved by the Hon'ble Meghalaya High Court, the Board of Directors of the Company at their meeting held on 28th April, 2015, issued and allotted 22,21,72,990 Equity Shares of ₹ 1/- each to every member of Star Ferro and Cement Limited (SFCL) holding fully paid up equity shares of SFCL and whose name appeared in the Register of Members of SFCL as on 24th April, 2015, the record date fixed by SFCL for this purpose. Accordingly, shares of your Company got listed in National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange (BSE) and trading started with effect from 28th July, 2015.

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options or sweat equity shares.

FERRO ALLOY BUSINESS – RETROSPECT AND OUTLOOK

Ferro Alloys is an additive which is used in manufacturing of steel which consists of less than one percent of the total raw material required for steel production. Despite being very low constituent, Ferro Alloys are vital additives for steel making. The principal function of Ferro Alloy addition is that it increases the resistance of steel to corrosion and oxidation, improves its hardenability, tensile strength at high temperatures, wear and abrasion resistance and increases its other properties like creep strength etc. Ferro Alloys are generally used to impart engineering properties to steel. Ferro Alloys are vital input for producing all type of steel and are used as raw material in the production of special steels, alloy steels and stainless steels.

Production of Crude Steel, Alloy and Special Steel and Stainless Steel are major demand drivers of Ferro Alloys. Owing to demand de-growth, Financial Year 2015-16 witnessed a steep fall in commodity prices globally including prices of steel leading to immense pressure on operating margins of the steel plants worldwide including India. Besides, weak demand in major steel-producing neighboring nations such as China, Japan and South Korea have forced them to focus on exports at aggressive prices to large consumers like India, hurting the financial health of the Indian steel makers further. The current woes and challenges of the steel industry on account of cheap imports at predatory prices remain concern for Ferro Alloy Industry of the country. Apart from weak steel demand for the reasons stated above, demand for Indian Ferro Alloy Industry had also been facing dumping of Ferro Silicon from China, Malaysia and Bhutan which impacted realization during the year under review.

Despite these constraints and challenging environment, your Company continued to focus on its fundamental strength of its ability to continuously focus on productivity and quality. There was strong emphasis on internal efficiencies together with an improvement in the sales mix which enabled your Company to withstand inflationary pressures on costs and profitability. However, huge erosion of realisation shows sharp decline in Profitability of the Company in this Financial Year as compared to previous year.

During the year under review, your Company has sold 16,105 MT of Ferro Silicon as against 13,849 MT during the immediate previous year resulting an increase of 16 % in Sales volume despite stressed market condition. While your Company constantly strives to increase stakeholder's value, emphasis continues to be on delivering value to customers and strengthening processes while driving sustainable practices, resulting into expanding our customer base.

Indian Ferro Alloy Industry has been facing challenges on cost front too in form of high cost of electric power, a major cost driver, inadequate transportation facilities and technological challenges. India accounts for 10% of world's Ferro Alloy production with installed capacity of more than 5 Million MT per annum. The industry has abundant rich

Chrome Ore and Manganese deposit but has not been globally competitive despite low manpower cost mainly due to challenges faced by the Industry as mentioned above.

Indian Ferro Alloy Market is likely to experience slight contraction in short term on account of lowering of export demand. On Price and realisation front, it is expected to moderate further but at a slower pace. There is stiff competition from the producers and exporters of the Ferro Alloys in India. Exports from India to China, South Africa and other countries, constituting nearly 50% of the market of the Ferro Alloys earlier, is suffering heavily for economic slowdown in China and low-cost infiltration of Ferro Alloys from Malaysia and Bhutan. However, with Government's focus on housing and infrastructure, steel demand is likely to get a boost and thereby country's Ferro Alloy Industry is likely to improve. Recent initiative of Central Government in the area of regulating steel imports through import duty rationalisation is also likely to have positive impact on country's steel and Ferro Alloy industry.

POWER BUSINESS

During the year under review, your Company generated 552.46 Lacs unit as compared to 641.17 Lacs unit which was captively consumed by the Company.

Further, the performance of M/s. Meghalaya Power Limited, Associate Company was very optimistic. The power generation has increased to 1,831.14 Lacs units as compared to 1,679.23 Lacs units recorded in the previous year. During the Financial year 2015-16, the Company has posted PBT of ₹ 1,472.07 Lacs and PAT of ₹ 1,082.84 Lacs as against ₹ 1,287.39 Lacs and ₹ 544.66 Lacs respectively recorded in the previous Financial Year.

OPPORTUNITIES & THREATS, RISKS AND CONCERNS

Performance of the Company depends on the continued demand for our products in the steel and stainless steel industry. The Steel business is cyclical in nature, accordingly, performance and results of operations are influenced by a variety of factors relating to the steel industry like fluctuations in demand and supply of steel and steel products, both domestically and internationally, general economic conditions and changes in the international prices of steel and steel products and slowdowns in steel industry. Uncertainty of availability of raw materials and other resources such as water, uninterrupted power supply, skilled manpower etc., high cost, insufficient infrastructural facilities for rapid transportation from ore mines to plants may also affect the operations and in turn the financial condition and profitability of the Company.

Despite these threats, Indian Ferro alloy industry has tremendous growth opportunities due to very fast industrialisation and urbanisation in India which may lead India in emerging as the leading exporter of Ferro Alloys for the world.

With the Government's thrust to develop infrastructure sectors and allocation of more funds, the Ferro alloy

industry which fully depends on performance of steel industry, is expected to grow in future. The Government has listed few Ferro Alloys under the Focus Product Scheme which provides export benefits to the sector. It has also listed Ferro manganese slag under the restricted list of imports and imposed high customs duty on raw materials for manufacturing Ferro vanadium.

The Company has evolved a risk management framework to identify, assess and mitigate the key risk factors of the business. The Board of the Company is kept informed about the risk management of the Company.

PERFORMANCE AND OPERATIONS REVIEW

Due to slower growth in Global steel market output, the performance of Ferro alloy remained dampened during the year under review. Despite weak economy and intense market situation, the Ferro Alloy segment posted total revenue of ₹ 11,363.42 Lacs and Profit before Tax of ₹ 158.77 Lacs as against ₹ 11,591.00 Lacs and ₹ 881.30 Lacs respectively during the previous Financial Year. During the year under review, your Company produced 15,104 MT of Ferro Silicon as against 14,835 MT during FY 2014-15. Although, net realisation per ton has reduced considerably during the year under review as compared to previous Financial Year, your Company has been able to sustain these pressures by bringing efficiencies in operations.

EXTRACT OF ANNUAL RETURN

In terms of requirement of Section 134 (3) (a) of the Companies Act, 2013 (the Act), the extract of the Annual return in form MGT-9 is annexed herewith and marked **Annexure-1**.

MEETINGS OF THE BOARD

During the year six (6) Board Meetings and four (4) Audit Committee meetings were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The details of the Board Meeting are provided in the Corporate Governance Report.

MEETINGS OF INDEPENDENT DIRECTORS

During the year under review, meeting of Independent Directors were held on 22nd December, 2015 and 21st March, 2016 wherein the performance of the Non-Independent Directors and the Board as a whole was reviewed. The Independent Directors at their meeting also, inter-alia, assessed the quality, quantity and timeliness of flow of information between the Company management and the Board of Directors of the Company.

COMMITTEES OF THE BOARD

The composition and terms of reference of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee have been furnished in the Corporate Governance Report forming part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee and Nomination and Remuneration Committee.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has formed a Whistle Blower Policy/ Vigil Mechanism as required under Section 177 of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A Vigil (Whistle Blower) 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 Chairman of the Audit Committee in exceptional cases. The said policy may be referred to at the Company's website at the weblink: http://shyamcenturyferrous.com/wp-content/uploads/2015/04/Whistle_Blower_Policy.pdf

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement of Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm and state that:

- In the preparation of Annual Accounts, the applicable Accounting Standards have been followed along with the proper explanation relating to material departures, if any.
- The Directors have selected such accounting policies and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the profit & loss of the Company for the year under review.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on going concern basis.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.
- The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

DECLARATION BY INDEPENDENT DIRECTORS

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. Mr. Santanu Ray, Mr. Mangilal Jain and Mrs. Plistina Dkhar are Independent Directors on the Board of your Company. In the opinion of

the Board and as confirmed by these Directors, they fulfil the conditions specified in Section 149 of the Act and the Rules made there under about their status as Independent Director of the Company.

FAMILIARIZATION PROGRAMME UNDERTAKEN FOR INDEPENDENT DIRECTORS

In order to enable the Independent Directors to perform their duties optimally, the Board has devised a familiarization programme for the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. They are periodically updated about the development which takes place in the Company. The Independent Directors have been issued Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and commitments etc. The familiarization program is available on the Company's website under the weblink: http://shyamcenturyferrous.com/wp-content/uploads/2015/10/Familiarization_Programme_for_Independent_Directors.pdf

POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT EMPLOYEES

The Board has framed a Remuneration Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The Remuneration Policy aims to enable the Company to attract, retain and motivate highly qualified members for the Board and at other executive levels. The Remuneration Policy seeks to enable the Company to provide a well-balanced and performance-related compensation package, taking into account shareholder interests, industry standards and relevant Indian corporate regulations. The details on the same are given in the Corporate Governance Report.

AUDITORS & AUDITORS' REPORT

M/s. Kailash B. Goel & Co., Chartered Accountants (Firm Registration Number 322460E), Statutory Auditors of the Company, have been appointed by the members at the third Annual General Meeting and shall hold office for a period of 5 years from the date of such meeting held on 4th July, 2014. The Board, in terms of Section 139 of the Act, on recommendation of the Audit Committee, has recommended for the ratification of the appointment of Statutory Auditors from the conclusion of the ensuing Annual General Meeting till the conclusion of the Sixth Annual General Meeting.

Members are requested to consider and ratify their appointment as Statutory Auditors of the Company and are also requested to empower the Board of Directors for fixation of Auditor's Remuneration.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and, therefore, do not call for any further comments.

SECRETARIAL AUDIT

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 Mr. Manoj Kumar Banthia, Practicing Company Secretary of M/s. MKB & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith and marked **Annexure-2**. The report is self-explanatory and do not call for any further comments.

COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost audit records maintained by the Company in respect of its manufacturing activity is required to be audited. Your Directors have, on the recommendation of the Audit Committee, appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration Number 000064) as Cost Auditors of the Company for the Financial Year ended 31st March, 2016 in the Board Meeting held on 10th August, 2015. The remuneration proposed to be paid to them for the Financial Year 2015-16, as recommended by Audit Committee, was ratified in the meeting of shareholders held on 25th September, 2015.

M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) have expressed their willingness to be appointed as Cost Auditors of the Company for ensuing Financial Year. The Board, on recommendation of the Audit Committee has appointed M/s. B. G. Chowdhury & Co., Cost Accountants, (Firm Registration number 000064) as Cost Auditors of the Company for the Financial Year 2016-17 subject to ratification of their remuneration by shareholders in the General Meeting of the Company.

The Cost Audit report for the Financial Year 2014-15 was filed with the Ministry of Corporate Affairs on 22nd September, 2015.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has not given any loan or guarantee to any person falling under ambit of Section 186 of the Companies Act, 2013.

Details of Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

RELATED PARTY TRANSACTIONS

All Related Party Transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the

Company at large. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with the Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

A policy on 'Related Party Transactions' has been devised by the Company which may be referred to at the Company's website at the weblink: http://shyamcenturyferrous.com/wp-content/uploads/2015/10/Related_Party_Policy.pdf

RESERVES

During the year under review no amount was transferred to reserves.

DIVIDEND

In order to conserve resources for future operations, your Directors do not recommend any dividend for the Financial Year 2015-16.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134 (3) (m) of the Act and rules framed there under is mentioned below:

(A) Steps taken toward Conservation of Energy:

- Provision of Bed coil protection to minimize bed coil leakage resulted into lowering down stoppages and better plant availability together with enhanced bed coil life.
- Measures undertaken in Air and Water System of Power Plant resulted into reduction in Auxiliary Power Consumption.
- Improvement in quality of raw materials resulted into reduction in specific power consumption in Ferro Silicon production.
- Less Stroking of Charged Material in furnace resulted into reduction in diesel consumption.

(B) Steps taken toward Technical Absorption:

- Conversion of Operation of VFD in CT Fan Motor from local mode to remote mode resulted into reduction in power consumption in operation of CT Fan Motor.

- Controlling main steam temperature by boiler operation resulted into reduction in power consumption in operation of Boiler Feed Pump motor.
- Arresting air leakages in boiler ducting, APH & Primary airline resulted into reduction in power consumption in ID Fan, FD Fan & PA Fan.
- The Company has developed a Research & Development cell for carrying out R&D Projects in the plant with specific objective of development of advanced systems for quality improvement. During the year under review, your Company incurred Capital expenditure of ₹ 7.73 Lacs and there was no Revenue Expenditure in Research & Development.

(C) Foreign Exchange Earnings And Outgo

During the period under review, there was no Foreign Exchange Earning and Outgo.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES (CSR)

Your Company's Corporate Social Responsibility (CSR) Policy is committed towards improving the quality of life of communities by working on four thrust areas - employability, education, health and environment.

During the year under review the Company has constituted Corporate Social Responsibility Committee as per the requirements of Section 135 of the Companies Act, 2013. The Committee is headed by Mr. Nagraj Tater, Director of your Company and consists of members as stated below:

Sl. No.	Name	Category	Chairman/ Members
1.	Mr. Nagraj Tater	Non-Independent	Chairman
2.	Mr. Aditya Vimal Kumar Agrawal	Non-Independent	Member
3.	Mr. Mangilal Jain	Independent	Member

Annual Report on CSR as required to be annexed in terms of requirement of Section 135 of Companies Act, 2013 and rules framed thereunder is annexed herewith and marked **Annexure-3**.

The CSR Policy of the Company is available on the Company's website under the weblink: http://shyamcenturyferrous.com/wp-content/uploads/2015/04/Corporate_Social_Responsibility_Policy.pdf

EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013 and as per Listing Obligations and Disclosures Requirements formulated by Securities and Exchange Board of India (SEBI), the Company has adopted a policy for evaluation of performance of the Board of Directors. The Board follows a formal mechanism for the evaluation of the performance of the Board as well as Committee.