



## 6th Annual Report

### BOARD OF DIRECTORS:

Shri Rajendra V. Shah  
 Shri K. C. Thotai  
 Shri Sujal A. Shah  
 Shri Suresh D. Shah  
 Shri Babulal M. Singhal  
 Shri Anilkumar Pandya  
 Shri Ambalal C. Patel  
 Shri Harshad Shah  
 Shri Jethabhai M. Shah  
 Shri Tejpal S. Shah

Chairman  
 Managing Director

### REGISTERED OFFICE:

5/1, Shreeji House,  
 B/h.M.J.Library, Ashram Road,  
 Ahmedabad-380 006

### ADMINISTRATIVE OFFICE:

Block-2221/2222,  
 Shah Industrial Estate,  
 Sola-Kalol Road, Santej,  
 Dist-Gandhinagar-382043

### PLANT:

Village Bharapar,  
 Tal. Gandhidham  
 Dist: Kutch, Gujarat.

### AUDITORS :

Parikh & Majmudar  
 Chartered Accountants  
 204-5-6, Harsh Avenue,  
 Navjeevan Press Road,  
 Ahmedabad - 380 014.

Talati & Talati  
 Chartered Accountants  
 Ambica Chambers  
 Nr. Old High Court  
 Navrangpura  
 Ahmedabad - 380 009

### BANKERS TO THE COMPANY :

1. Union Bank of India
2. State Bank of India
3. State Bank of Hyderabad

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Shareholders are requested to bring their copies of Annual Report at the Annual General Meeting, as the same will not be distributed in the Meeting Hall.



**NOTICE**

**NOTICE** is hereby given that Sixth Annual General Meeting of the Members of S.A.L. STEEL LTD. will be held on Thursday, the 24<sup>th</sup> September 2009 at 10.00 a.m. at Rajpath Club Limited, S. G. Highway, Ahmedabad – 380 054, to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March 2009, Balance Sheet as at that date and Reports of Directors and the Auditors thereon.
2. To appoint Director in place of Shri Babulal M. Singhal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri Sujal A. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri Suresh D Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the company and who shall hold office from the conclusion of this Annual General Meeting until, the conclusion of the next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as a ORDINARY RESOLUTION:

"RESOLVED THAT Dr. K C Thatoi be and is hereby appointed as Managing Director of the Company and who holds the office for a period of five years from 3<sup>rd</sup> November 2008".

"RESOLVED FURTHER THAT in accordance with the provisions of Sections 198,269 309 and 311 read with Schedule XIII and all other applicable provisions, if any of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to such approval as necessary the consent of the company be and is hereby accorded to the appointment of Dr. K C Thatoi, as Managing Director of the Company, for a period of 5 (Five) years with effect from 03.11.2008, on the terms and conditions including remuneration as are set out in agreement entered into between the Company and Dr. K C Thatoi, as approved by Board of Directors in their meeting."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration and/or agreement subject to the limit specified in Schedule XIII of the Companies Act, 1956 including any statutory modification and re-enactment thereof for the time being in force as may be agreed to between the Company and Dr. K C Thatoi

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution."

7. To consider and if thought fit, to pass , with or without modification(s) the following resolution as an ORDINARY RESOLUTION;

"RESOLVED THAT Shri Anil Pandya who was appointed as An Additional Director by the Board of Directors on 25th October, 2008 and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".



8. To consider and, if though fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION;

"RESOLVED THAT in accordance with the provisions of sections 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the appointment of Shri Anil Pandya as 'Director-Commercial' for a period of 2 (Two) years with effect from 25th October,2008 on the terms and conditions including remuneration as are set out in agreement entered into between the Company and Shri Anil Pandya."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration and / or agreement subject to the company not exceeding the limit specified in Schedule XIII of the Companies Act, 1956 including any statutory modification and re-enactment thereof for the time being in force for as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri Anil Pandya

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary / proper or expedient to give effects to this resolution."

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND PROXY NEED NOT BE A MEMBER.  
The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. All documents referred in the Notice and Explanatory Statement are open for inspection at the Administrative Office of the company on all working days, except Saturday and Sunday between 11.00 a.m. and 4.00 p.m. up to the date of Annual General Meeting.
5. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company's Administrative Office at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
6. The Register of Members and Share transfer Books Of the Company will remain closed from Thursday,10<sup>th</sup> September 2009 to Thursday,24<sup>th</sup> September 2009(both days inclusive).
7. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

Place: Ahmedabad

**By Order of the Board of Directors**

Date: 27<sup>th</sup> June 2009

**Director**

**Registered Office:**

5/1 Shreeji House,  
B/h M.J. Library,  
Ashram Road,  
Ahmedabad - 380006



**ANNEXURE TO THE NOTICE**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO.6**

Dr Kailash Chandra Thatoi was appointed by the Board of Directors as Jt. Managing Director w.e.f 03.11.2008 and his designation has changed to Managing Director on 06/12/2008.

Dr. K C Thatoi has degree of M. Tech and Ph D (Utkal University) on Sponge Iron Technology. Mr. Thatoi has very rich experience about 27 years in the steel industry as top level in projects, operations and maintenance of large coal base sponge iron plant and large integrated steel plant. His rich experience will help to company in running of plant at optimal level and future development of the Company.

Dr. Kailash Chandra Thatoi was appointed as "Joint Managing Director" with effect from 03.11.2008 for a period of five years and subsequently redesigned as Managing Director. The material terms & conditions, are as under:-

- a) Monthly Salary : 1,50,000/- CTC./- (Rs.\_One Lakhs Fifty Thousand Only)
- : Company will provide accommodation
- : Company maintained vehicle with driver.
- b) Minimum Remuneration : In case of absence or in adequacy of profit in any financial year during the terms of Dr.Kailash Chandra Thatoi as Managing Director of the company, the remuneration as mentioned above shall be payable as the minimum remuneration to him, subject to the limit prescribed under Schedule XIII of the companies Act, 1956 read with other applicable provisions of the said Act.

The appointment and payment of remuneration of Dr. Kailash Chandra Thatoi is subject to approval of the shareholders under section 198,269,309 and other applicable provisions, including schedule XIII of the companies Act, 1956.

The Board recommends the resolution.

None of the Directors except Dr. Kailash Chandra Thatoi is interested in the resolution.

**ITEM NO.7**

Shri Anil Pandya was appointed by the Board of Directors as additional Director w.e.f 25.10.2008. He hold office up to the date of the Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 along with required deposit has been received from a member signifying his intention to propose Shri Anil Pandya as Director.

Mr. Anil Pandya is a M.Sc.(Life Scis), Dip. IRE.PM, LL.B, PGDBM. having wide experience in Iron & Steel Industry of 28 years.

Your Directors recommend his appointment for your approval.

None of the Directors except Shri Anil Pandya is interested in the resolution.

**ITEM NO.8**

Shri Anil Pandya was appointed as "Director Commercial" with effect from 25.10.2008. for a period of two years. The material terms & conditions are as under:-

- a) Monthly Salary : 50,000/- (Rs. Fifty Thousand Only)  
Company maintained car with driver.
- b) Minimum Remuneration : In case of absence or in adequacy of profit in any financial year during the terms of Shri Anil Pandya as Director' of the company, the remuneration as mentioned above shall be payable as the minimum remuneration to him, subject to the limit prescribed under Schedule XIII of the companies Act, 1956 read with other applicable provisions of the said Act.

The appointment of Shri Anil Pandya is subject to approval of the shareholders under section 198,269,309 and other applicable provisions, including schedule XIII of the companies Act, 1956.

The Board recommends the resolution.

None of the Directors except Shri Anil Pandya is interested in the resolution.

**Registered Office:**

5/1 Shreeji House,  
B/h M.J. Library,  
Ashram Road,  
Ahmedabad - 380006

**By Order of the Board****DIRECTOR****DATE: 27.06.2009**

**DIRECTOR'S REPORT**

To,  
The Members,  
S.A.L. Steel Ltd.  
Ahmedabad.

Your Directors take pleasure in presenting the 6<sup>th</sup> Annual Report together with the Audited statement of Accounts for the year ended on **31st March, 2009**.

**Financial Results:**

Particulars:	(Rs. in Lacs)	
	31.03.2009	31.03.2008
1 Turnover	42759.71	42328.12
2 Other Income	253.03	313.38
3 Profit before Dep. Int. & Taxes	5533.31	7136.96
4 Profit before Tax	113.51	2419.84
5 Net profit after Tax	216.34	1089.61

**OPERATIONAL OVERVIEW:**

The company has performed relatively well in the year 2008-2009 by posting the turnover of 42759.71 lacs and PBT of 5533.31 lacs.

During the year your company has stabilized all the operations like sponge iron manufacturing, Ferro alloys manufacturing and generation of power from lignite and waste heat recovery.

Your company has established long term tie ups with renowned raw material suppliers to avoid volatility and consistent supplies of good quality raw materials.

The first half of the fiscal 2008-2009 saw huge demand for sponge iron and Ferro alloys on account of booming steel and stainless steel industry. However, the third quarter saw demand vanishing as all the steel plants were running at very low capacity due to the financial meltdown in the world. Secondary steel manufacturers who are primary buyers of sponge iron were hit with poor liquidity due to the poor market demand for the finished steel. Signs of recovery were seen during the end of fiscal 2008-2009 on account of higher government spending on various infrastructure projects which led to demand coming back after the slump.

**CORPORATE GOVERNANCE:**

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Your company has been practicing the principles of good corporate governance over the years.

**DIRECTORS**

Shri Rajinder Arora ceased to be a Managing Director and Director due to his resignation from the Board of the Company w.e.f 06.12.2008. Shri Yogesh Pancholi and Shri Dayashanker Pandey ceased to be a Director due to his resignation from the Board of the Company w.e.f 15.07.2008 and 04.08.2008 respectively. The Board places on record its appreciation for the services rendered by them as a Managing Director/Director during their association with the Company.

Shri Sujalbhair A. Shah, Shri Sureshbhai D. Shah and Shri Babulal M Singhal retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Dr. K C Thatoi has been appointed as Joint Managing Director of the Company for a period of five years with effect from 03.11.2008 subject to approval of shareholders and other authority if



required. The designation of Dr. K C Thatoi be changed to Managing Director. Shri Anilbhai Pandya has been appointed as Director Commercial of the Company for a period of two years with effect from 25.10.2008 subject to approval of shareholders and other authority if required.

**PARTICULARS OF THE EMPLOYEES:**

Particulars of the employees as required under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended are not attached with this report since there was no employee who was in receipt of remuneration in excess of limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees), Rules 1975

**CONSERVATION OF ENERGY, R & D TECHNOLOGY ETC.**

As required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are annexed as a part of this report.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for that period;
- c) that they have taken proper and sufficient care 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 prevailing the detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

**AUDITORS:**

Statutory Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Your Directors recommend their re-appointment.

**FIXED DEPOSIT:**

The Company has not accepted any public deposit during the year under review and no amount against the same was outstanding at the end of the year.

**REGULATORY STATEMENT:**

In conformity with provision of clause 32 in the Listing Agreement(s) the Cash Flow Statement for the year ended 31.03.2009 is annexed hereto.

The equity shares of your company are listed on The Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE).

The Company has paid the listing fees for the year 2009-2010 to above stock exchanges.

**APPRECIATION:**

Your Directors place on record their sincere appreciation for the valuable support and co-operation received from various Government authorities, Stock Exchanges, Financial Institutions and Banks during the year. They also gratefully acknowledge the support extended by the Customers, Suppliers, Shareholders and contribution made by the employees at all level.

**For and on behalf of the Board**

**Date: 27<sup>th</sup> June 2009**  
**Place: Ahmedabad**

**RAJENDRA V.SHAH**  
**Chairman**



## MANAGEMENT DISCUSSION AND ANALYSIS

### THE INDIAN STEEL AND FERRO ALLOYS INDUSTRY

The Indian steel industry has an installed capacity of 60 Mn tonnes.

Starting 2007-2008, India emerged as the net steel importing country, which has given ample opportunity to the domestic players to meet the growing demand for steel and ferro alloys.

The first half of fiscal 2008-2009 saw tremendous demand for steel, stainless steel and alloy steel on account of growing infrastructure spend. Construction, automobiles and consumer durables sectors saw heavy growth rate coming from the Urban and Semi urban regions on account of higher disposable incomes. However finished steel consumption saw a huge drop during the third quarter of 2008-2009 due to the domino effect of the global financial crisis on the Indian financial and industrial markets.

India's per capita consumption of steel still remains low at 46 kg compared to world average of 198 kg in 2008. The government is keen on increasing the per capita consumption of steel in the country which is a very good sign for the steel industry.

The production of steel and stainless steel is likely to increase manifold during the next five years on thrust of greater infrastructure spending by the government.

### OPPORTUNITY AND THREATS

Indian Steel industry has shown the second highest growth rate for steel production in Asia after China in 2006. With a GDP growth of around 8% in 2005-06, Indian economy as well as the industrial development got a boost and this helped to shape the increasing steel demand and production in India. Domestic market is also promising for steel as huge spending is planned by Government to develop infrastructure across the country to sustain overall economic growth. Due to availability of raw materials in domestic market and low skilled labour, Indian steel manufacturers are able to provide good quality steel at competitive prices in global market which is enabled to tap vast export market in world.

However, the current market turmoil has dented the growth curve of various industries such as automobile and construction, which, in turn, has hit the Indian steel industry hard. But with the government's plans to boost up the economy by injecting funds in various industries like infrastructure, construction, automobile and power, near future is expected to see growth, says 'Indian Steel Industry Outlook to 2012'.

### COMPANY'S PERFORMANCE AND KEY HIGHLIGHTS

The company has performed relatively well in the year 2008-2009 by posting the turnover of 42759.71 lacs and PBT of 5533.31 lacs.

During the year your company has stabilised all the operations like sponge iron manufacturing, ferro alloys manufacturing and generation of power from lignite and waste heat recovery.

Your company has established long term tie ups with renowned raw material suppliers to avoid volatility and consistent supplies of good quality raw materials.

The first half of the fiscal 2008-2009 saw huge demand for sponge iron and ferro alloys on account of booming steel and stainless steel industry. However, the third quarter saw demand vanishing as all the steel plants were running at very low capacity due to the financial meltdown in the world. Secondary steel manufacturers who are primary buyers of sponge iron were hit with poor liquidity due to the poor market demand for the finished steel.

Signs of recovery were seen during the end of fiscal 2008-2009 on account of higher government spending on various infrastructure projects which led to demand coming back after the slump.



## **FUTURE OUT LOOK**

The recent increment in steel production in india is mainly due to rise in number of secondary producers of steel who prefer sponge iron as raw materials for steel making.

Ferro alloys being essential raw material for the steel industry is likely to see good performance on account of increase in production.

Stainless steel industry is also likely to witness robust demand creating good demand for ferro alloys.

In addition to sponge iron, ferro alloys and various steel products , your company is also generating power from lignite/coal and heat recovery based power plant. The power generated is used for the captive consumption and the surplus power is getting sold in the market. The company is also likely to see good demand for the excess power generated.

Installation of iron ore pelletising plant will provide edge over competitor by ensuring consistent supply of quality raw material at lower cost for sponge iron.

The company is expecting to produce ever highest production levels since inception in the coming financial year on account of robust demand for the finished products and power.

## **RISK AND CONCERS**

In the normal course of business, the Company is exposed to external risks such as overall demand fluctuations in the market, reduction in market shares for its products due to the impact of competition as well as internal risks such as variations in operational efficiency and cost structure. The Company has integrated and proactive approach to risk the management to ensure that organisational objective are achieved with reasonable predictability and inventory management in the fast changing globally connected business. With changing scenario the company is in process of expanding its product range by adding new manufacturing sections i. e Structural Steel Section, Palletizing plant and Rod Mill. This will enhance the market shares of the company. The product proposed to be manufactured by the company is an industrial commodity product susceptible to price volatility/cyclicality .However, the Company is expected to be in a position to control its costs on account of Captive Power Plant and nearness to market for finished products.

## **INTERNAL CONTROL SYSTEM:**

The Company has adequate internal control procedures commensurate with its size and nature of its business. The objectives of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial statements and due compliance of statues and Company's polices and procedures.

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS:**

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The Board of Directors and management wish to place on record their appreciation of the efforts put in by all employees to achieve good performance.

## **CAUTIONARY NOTE:**

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable laws and regulations. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performances or achievements.

Significant factors which could make a difference to the Company's operations include domestic and international economic conditions, changes in Government regulations, tax regime and other statutes.

The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.



**CORPORATE GOVERNANCE REPORT**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximize stakeholder's value by attracting financial and human capital and efficient performance.

As a responsible corporate citizen, it is the earnest endeavor of the Company to improve its focus on Corporate Governance by increasing accountability and transparency to its shareholders, bankers and customers.

**2. BOARD OF DIRECTORS :**

**COMPOSITION AND CATEGORY**

The Board of Directors has a mix of Executive and Non-Executive Directors. The Board comprises of Five Executive Directors (including Managing Director) and Five Non-Executive Directors including the Chairman of the Board.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

The composition of the Board of Directors, the number of other Directorship and Committee positions held by the Director, of which the Director is a Member/Chairman, are as under:

Name of Directors	Category	Numbers of Board Meetings,		No. of other Directorships held	Committee Memberships held in other companies		Whether Attended last AGM
		held during the year	Attended during the year		as member	as Chairman	
Shri Rajendra V.Shah	Non- Executive Promoter Chairman	5	5	1	1	Nil	Yes
Shri K.C.Thotai*	Managing Director	5	1	Nil	Nil	Nil	No
Shri Sujal A. Shah	Non Promoter Executive Director	5	5	Nil	Nil	Nil	Yes
Shri Suresh D. Shah	Non Promoter Executive Director	5	5	Nil	Nil	Nil	No
Shri Babulal M. Singhal	Non Promoter Executive Director	5	5	Nil	Nil	Nil	No
Shri AnilkumarPandya**	Non Promoter Executive Director	5	1	Nil	Nil	Nil	No
Shri Rajinder Arora ***	Managing Director	5	4	Nil	Nil	Nil	No
Shri Dayashanker G.Pandey****	Non Promoter Executive Director	5	3	Nil	Nil	Nil	No
Shri Ambalal C. Patel	Non-Executive & Independent	5	3	10	2	2	YES
Shri Tejpal S. Shah	Non-Executive & Independent	5	5	1	Nil	Nil	No.
Shri Harshad Shah	Non-Executive & Independent	5	2	1	1	Nil	No.
Shri Jethalal M. Shah	Non-Executive & Independent	5	5	Nil	Nil	Nil	No.
Shri Yogesh Pancholi *****	Non Promoter Executive Director	5	2	Nil	Nil	Nil	No.

\* Appointed as aJt.MD on 03/11/2008

\*\*\* Resigned on 06/12/2008

\*\*\*\*\* Resigned on 15/07/2008

\*\* Appointed on 25/10/2008

\*\*\*\* Resigned on 04/08/2008



### BOARD PROCEDURE

The Board meets atleast once a quarter to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the company.

The Minutes of the Board meetings are circulated in advance to all Directors and confirmed at subsequent Meeting. The Minutes of Audit Committee and other Committees of the Board are regularly placed before the Board.

During the financial year ended March 31, 2009, Five Board Meetings were held on 16/04/2008, 30/06/2008, 30/07/2008, 25/10/2008, 31/01/2009. The gap between two Board Meetings did not exceed four months.

### 3. AUDIT COMMITTEE :

The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committee under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956 besides other terms as may be referred to by Board of Directors from time to time.

The Audit Committee comprises of three independent Directors, all of whom are financially literate and have relevant finance and/or audit exposure. The quorum of the Audit Committee is two members or one-third of the members of the Audit Committee, whichever is higher.

During the period under review, four Audit Committee meetings were held.

The composition of the Audit Committee and attendance at its meetings is given hereunder:

Name of Director	Position	Category	No. of Meetings	Meetings attended
Shri Ambalal C. Patel	Chairman	Independent Non Executive	4	3
Shri Harshad M. Shah	Member	Independent Non executive	4	2
Shri Jethabhai M. Shah	Member	Independent Non executive	4	4

The Company Secretary acts as the Secretary to the Meetings of the Audit Committee. The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

### 4. REMUNERATION COMMITTEE :

The remuneration payable to the Executive Directors is fixed by the Board of Directors within the limits approved by the shareholders in terms of the relevant provisions of the Companies Act, 1956.

The Remuneration Committee comprises of three independent Non-executive Directors namely Shri Ambalal C. Patel, Shri Harshad M. Shah and Shri Jethabhai M. Shah. Shri Ambalal C. Patel is the Chairman.

**DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2009.**

NAME OF THE DIRECTOR	REMUNERATION	SITTING FEES	TOTAL
Shri Rajendra V. Shah	NIL	NIL	NIL
Shri Rajinder Arora	1104000	NIL	1104000
Shri K. C. Thatoi	740000	NIL	740000
Shri DayaShanker G. Pandey	498437	NIL	498437
Shri Sujal A. Shah	120000	NIL	120000
Shri Suresh D. Shah	688080	NIL	688080
Shri Babulal M. Singhal	420000	NIL	420000
Shri Yogesh Pancholi	147660	NIL	147660
Shri Ambalal C. Patel	NIL	4500	4500
Shri Harshad Shah	NIL	3000	3000
Shri Jethabhai M. Shah	NIL	6750	6750
Shri Tejpal S. Shah	NIL	3750	3750
Shri Anilkumar Pandya	303594	NIL	303594

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

Shri Ambalal C. Patel, Shri Harshad M. Shah and Shri Jethabhai M. Shah are Members of the Committee. Shri Ambalal C. Patel is the Chairman.

The Committee is empowered to oversee the redressal of Investors' complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate certificates and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

The total number of complaints received are replied to satisfaction of shareholders during the year under review. There were no Outstanding complaints as on 31<sup>st</sup> March, 2009.

**6. CODE OF CONDUCT**

The Company has adopted a code of conduct for its directors and designated senior management personnel. All the Board members and senior management personnel have agreed to follow compliance of Code of Conduct.

**7. GENERAL BODY MEETING****a. Location and time where the Annual General Meetings were held during the last three years:**

YEAR	LOCATION	DATE	TIME
2005-06	Rajpath Club Limited, S.G.Highway Ahmedabad - 380 054	September 23, 2006	9.45 A.M.
2006-07	Rajpath Club Limited, S.G.Highway Ahmedabad - 380 054	September 24, 2007	9.30 A.M.
2007-08	Rajpath Club Limited, S.G.Highway Ahmedabad - 380 054	September 24, 2008	9.30 A.M.

**b.** During the year ended 31<sup>st</sup> March, 2009, there have been no resolutions passed by the Company's Shareholders through Postal ballot pursuant to section 192A of the companies Act.

**8. DISCLOSURES :**

- A)** All details relating to financial and commercial transaction where Directors may have a pecuniary interest are provided to the Board. Details of related parties transactions have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related party, which is in conflict with the interest of the company.
- B)** There is no instance of non-compliance with the requirements of the regulatory authority on a matter relating to the capital market during last three years.
- C)** The Company has laid down the procedures to inform the Board members about the risk assessment and minimization procedures. The Board is periodically informed about business and other risks and its minimization procedures.
- D)** The company has followed the Accounting standard issued by Institute of Chartered Accountants of India (ICAI) in preparations of financial statement.

**9. MEANS OF COMMUNICATION :**

- 1) The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the proforma prescribed under Clause 41 of the Listing Agreement within stipulated time limit.
- 2) The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the national English newspapers namely Indian Express and Financial Express. In addition the same are published in local language (Gujarati) newspapers namely Financial Express. The same are not sent to the shareholders separately.
- 3) No formal presentations were made to the institutional investors and analysts during the year under review.
- 4) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the company.

**10. GENERAL SHAREHOLDER INFORMATION**

Detailed information in this regard is provided in the section 'Shareholder information' which forms part of this Annual Report.

**11. GENERAL SHAREHOLDER INFORMATION**

- 11.1 AGM** DATE : 24 -09-2009  
TIME : 10.00 A.M.  
VENUE : Rajpath Club, S.G.Highway, Ahmedabad – 380 054

**11.2 Financial Calendar for 2009-10 (tentative & subject to change)**

- |     |  |   |                 |
|-----|--|---|-----------------|
| (a) | First Quarter Results                  | : | July' 2009      |
| (b) | Second Quarter Results                 | : | October' 2009   |
| (c) | Third Quarter Results                  | : | January' 2010   |
| (d) | Results for the year ending March 2010 | : | May / June 2010 |



- 11.3 Date of Book Closure** : 10 -09-2009 To 24 -09-2009  
(Both days inclusive)
- 11.4 Dividend Payment Date** : Not Applicable
- 11.5 Listing on Stock Exchange** : Bombay Stock Exchange Ltd.  
: National Stock Exchange of India Ltd

**Stock Code**

- Bombay Stock Exchange Ltd. : 532604
- National Stock Exchange of India Ltd. : SALSTEEL
- Demat ISIN No. for NSDL and CDSL : INE658G01014

**11.6 Stock Market Data**

Monthly High and Lows for the period from April' 2008 to March' 2009 on the National Stock Exchange of India (NSE), Mumbai:

Month	High	Low
April' 2008	18.90	16.30
May' 2008	18.25	16.00
June' 2008	17.50	14.50
July' 2008	16.95	14.10
August' 2008	19.25	14.75
September' 2008	15.40	10.60
October' 2008	11.70	5.70
November' 2008	8.95	5.65
December' 2008	9.50	5.65
January' 2009	8.50	6.20
February' 2009	6.80	5.55
March' 2009	7.00	5.20

**11.7 Shareholding pattern as on 31<sup>st</sup> March, 2009**

Sr. No.	Particulars	No. of Shares	% of total
1	INDIAN PROMOTERS	42959889	50.56%
2	RESIDENT INDIVIDUALS	29936679	35.23%
3	BODIES CORPORATES	11774299	13.86%
4	CLEARING MEMBERS	55887	0.07%
5	NON RESIDENT INDIANS	239946	0.28%
		84966700	100.00%



### 11.8 Distribution of shareholding as on 31<sup>st</sup> March, 2009

Shareholding (Range)	No. of Shares	%	No. of Members	%
Upto 500	7284576	8.57%	27972	73.87
501 - 1000	4880541	5.74%	5468	14.44
1001 - 2000	3765871	4.43%	2307	6.09
2001 - 3000	1947775	2.29%	733	1.93
3001 - 4000	1135543	1.34%	309	0.82
4001 - 5000	1652659	1.95%	342	0.90
5001 - 10000	3238757	3.81%	429	1.13
10001 & Above	61060978	71.87%	309	0.82
Total	84966700	100.00%	37869	100.00%

**11.9 Dematerialised Shares:** 99.62% Shares of the Company are in Dematerialization mode, as on 31-03-2009.

**11.10 New/Further Issue:** The Company has not issued any Global Depository Receipt/American Depository Receipt/Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

**11.11 Plant Locations:**

S.A.L. Steel Limited,  
Village Bharapar,  
Kutch District, Gujarat.

**11.12 Address for Investor Correspondence:**

[1] **Karvy Computershare Private Limited**

"KARVY HOUSE"  
46, avenue 4, Street No. 1,  
Banjara Hills,  
Hyderabad - 500 034

[2] **Regd. Office:**

5/1, Shreeji House,  
B/H. M. J. Library, Ashram Road,  
Ahmedabad - 380 006.

[3] **Administrative Office:-**

Block-2221/2222, Shah Industrial Estate,  
Sola-Kalol Road, Santej,  
Dist-Gandhinagar-382043

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.



**Pursuant to Clause 49 of the listing agreements with stock exchanges, following information is furnished about the Directors proposed to be appointed/re-appointed**

- 1) Shri Sujal A. Shah was first appointed on the Board of S.A.L. Steel Ltd with effect from April 26 2006. He is Science Graduate (B.Sc.). He is having wide experience of more then 23 years in the field of Purchase. Shri Sujal A. Shah holds 18000 shares of the Company as on June 27, 2009.He is also not holding Directorship and Membership of Committee in any other company
- 2) Shri Babulal M. Singhal was first appointed on the Board of S.A.L. Steel Ltd with effect from May 16, 2006. He is Chartered Accountant.He is having wide experience of more then 30 years.. Shri Babulal M. Singhal does not hold any shares of the Company as on June 27, 2009. He is also not holding Directorship and Membership of Committee in any other company
- 3) Shri Suresh D. Shah was first appointed on the Board of S.A.L. Steel Ltd with effect from April 26. 2006. He is Under Graduate. He is having wide experience of more then 31 years in steel industries.. Shri Suresh D. Shah does not hold any shares of the Company as on June 27, 2009. He is also not holding Directorship and Membership of Committee in any other company

**DECLARATION**

I, K.C. Thatoi, Managing Director hereby declares that the Directors and Senior Officer of the Company have exercised their authorities and power and discharged their duties and functions in accordance with requirement of the Code of Conduct as prescribed by the Company and have adhered to the Provisions of the same.

For, **S.A.L Steel Limited**

**K. C. Thatoi**  
**Managing Director**

Place: Ahmedabad  
Date:27-06-2009

**CERTIFICATE**

To The Members of S.A.L. Steel Limited

We have examined the compliance of the conditions of Corporate Governance by S.A.L. Steel Limited for the year ended 31<sup>st</sup> March, 2009 as stipulated in clause 49 of the listing agreement of the Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that in respect of investor grievances received during the year ended 31<sup>st</sup> March, 2009 no investor grievances are pending against the company for the period exceeding one month, as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. 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, PARIKH & MAJMUDAR**  
CHARTERED ACCOUNTANTS

**PLACE : Ahmedabad**

**DATE : 27-06-2009**

**HITEN PARIKH**  
**PARTNER**

**Chief Executive Officer (CEO) Certification.**

I, K. C. Thatoi, Managing Director of SAL Steel Limited, to the best of my knowledge and belief, certify that;

- 1) I have reviewed the balance sheet as at 31<sup>st</sup> March, 2009 and profit & loss account, and all its schedules and notes on accounts, as well as the cash flow statements and the director's report.
- 2) Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statement that might be misleading.
- 3) Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flow of the Company as of, and for, the periods presented in this report and are in compliance with the existing accounting standards and /or applicable laws and regulations.
- 4) To the best of my knowledge and belief, no transactions entered into by the company during the aforesaid period are fraudulent, illegal or violative of the company's code of conduct.
- 5) I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financials reporting for the company, and I have
  - i) evaluated the effectiveness of the Company's disclosure, controls, and procedures over financial reporting; and
  - ii) disclosed in this report any change in company's internal control over financial reporting that occurred during the company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the company's internal control over financial reporting.
- 6) I have disclosed based on my most recent evaluation wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors,
  - i) All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process summarize and report financial data and have identified for the company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
  - ii) Significant changes in internal controls during the period covered by this report, if any;
  - iii) All significant changes in accounting policies during the period, if any and that the same have been disclosed in the notes to the financial statements.
  - iv) No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the company's internal controls systems.
- 7) I further declare that all board members and senior management personnel have affirmed compliance with the code of conduct during the year under review.

Place:-Ahmedabad  
Date:- 27<sup>th</sup> June, 2009

**K. C. Thatoi**  
**Managing Director**



**ANNEXURE TO DIRECTORS' REPORT**

**A. CONSERVATION OF ENERGY:**

(a) Energy conversion measures taken :-

Your Company gives priority to Energy Conservation. It regularly reviews measures to be taken for Energy Conservation/Consumption and its effective utilization.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-

Your Company is highly power intensive industry and power is the basic requirements of manufacturing process. In order to reduce the cost per unit for power consumption, the Company has installed 40 MW Captive Power Plant.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :-

The Company is operating 40 MW Captive Power Plant in parallel with GEB grid and with the consumption of own power, your Company saves substantial amount from the same.

(d) Total energy consumption and energy consumption per unit of production:-

<b>(I) Power and Fuel Consumption:</b>		<b>31.03.2009</b>	<b>31.03.2008</b>
1.	Electricity		
a.	Purchased Unit (kwh) Total Amount Rate / Unit (Rs.)	9070968 56431041 6.22	6429300 40031348 6.23
b.	Own Generation		
i)	Through Diesel Generator Unit (kwh) Units per Ltr. of Diesel Oil Cost / Unit (Rs.)	NIL NIL NIL	NIL NIL NIL
ii)	Through Steam Turbine / Generator Unit (MHW) Units per kg. of lignite Cost of Lignite / Unit (Rs.)	175488 1.86 0.88	198769 1.50 0.90
2.	Coal (Including Coal Fines) Quantity (Tonnes) Total Cost (Rs.) Average Rate (Rs.)	83048 311485955 3750	22744.50 79613850 3500
3.	Furnace Oil (Used in the generation of steam) Quantity (K Liters.) Total amount (Rs. Lakhs) Average Rate (Rs.)	NIL NIL NIL	NIL NIL NIL
4.	Others Lignite (Used in the generation of steam) Quantity (Tonnes)	92480.752	132520.544
	<b>Total Cost (Rs. Lakhs)</b> Rate / Unit (Rs.)	154680688 1672.57	179290946 1352.93



<b>CONSUMPTION PER M.T. OF PRODUCTION:</b>			
Particulars of Product			
<b>(II)</b>		<b>31.03.2009</b>	<b>31.03.2008</b>
	Electricity (in unit)	NIL	NIL
	Furnace Oil	NIL	NIL
	Coal (Specify quality)	NIL	NIL
	Others	NIL	NIL
<b>B. TECHNOLOGY ABSORPTION:</b>			
<b>(I)</b>	Research and Development (R & D)		
1.	Specific areas in which R&D carried out by the company.	NIL	NIL
2.	Benefits derived as a result of the above R&D	NIL	NIL
3.	Future plan of action:		
	a) Capital		
	b) Recurring		
	c) Total		
	d) Total R&D expenditure as a percentage of total turnover	NIL	NIL
<b>(II)</b>	Technology absorption, adaptation: The research and development & innovation activities has not been carried out by the company.		
1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL	NIL
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	NIL	NIL
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	NIL	NIL
	a) Technology imported		
	b) Year of import		
	c) Has technology has been fully absorbed		
	d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NIL	NIL



**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**1) EARNINGS & OUT GO**

**(Rs. in Crore)**

	<b>31.03.2009</b>	<b>31.03.2008</b>
a) Foreign Exchange earnings:	NIL	NIL
b) Foreign Exchange out go :	16.06	23.48

**2) TOTAL FOREIGN EXCHANGE USED AND EARNED:**As per notes on account

**For and on Behalf of the Board**

**Date: 27th June, 2009**  
**Place: Ahmedabad**

**(RAJENDRA V. SHAH)**  
**Chairman**

**AUDITORS' REPORT**

**To  
The Members  
M/S. S.A.L. Steel Limited,  
AHMEDABAD**

- 1) We have audited the attached Balance Sheet of **M/S. S.A.L. STEEL LTD.** as at 31st March 2009, and the Profit and Loss A/c and also the Cash-flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts & disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the companies (Auditor's Report) order 2003 and the Companies (Auditors Report ) (Amendment ) Order,2004 issued by the Central Government of India in terms of sub-section(4A) of Section 227 of the companies Act 1956, we annex here to a statement on the matters specified in paragraphs 4 &5 of the said order to the extent applicable.
- 4) Further to our comments in the Annexure referred to in paragraph-3 above, we report as under: -
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books.
  - (c) The Balance Sheet and the Profit and Loss Account & Cash flow statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion the Balance Sheet, Profit & Loss Account & Cash Flow Statement comply with Accounting Standards referred to in section 211(3C) of the Companies Act, 1956.
  - (e) On the basis of the written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on March, 31 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. :-
    - i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009 and
    - ii) In the case of the profit and loss account, of the Profit of the company for the year ended on that date and
    - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS**

**FOR TALATI & TALATI  
CHARTEREDACCOUNTANTS**

**PLACE: - AHMEDABAD  
DATE: - 27.06.2009**

**HITEN PARIKH  
PARTNER  
M.No 40230**

**UMESH TALATI  
PARTNER  
M.No 34834**



**ANNEXURE TO AUDITORS' REPORT**

**Referred to in Paragraph 3 of our report of even date**

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the company. In our opinion, the frequency of verification is reasonable having regard to the size of the company & nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us, Fixed Assets disposed off during the year were not substantial & therefore do not affect the Going Concern assumption.
- ii) a) As explained to us, inventories were physically verified by the management at reasonable intervals during the year.
- b) In our opinion & according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable & adequate in relation to the size of the company & nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the Physical stocks and the book records were not material.
- iii) In respect of Loans secured or unsecured , granted or taken by company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
- a) According to information and explanation given to us and on the basis of the records produced, the company has not granted any loan, secured or unsecured to the companies or firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence sub-clause b, c & d are not applicable.
- b) According to information and explanation given to us and on the basis of records produced before us the company has taken loan from one company, SHAH ALLOYS LIMITED covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 95 Crores and year end balance of loans taken from such party is Rs. 80 Crores.
- c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from company listed in the register maintained under section 301 of the Act are prima facie not prejudicial to the interest of the company.
- d) On the basis of records produced before us and on the basis of information and explanation given to us and as per the revised schedule stipulated for the terms and condition in respect of loans taken by the company, the repayment of the said loan is not due for repayment as on 31<sup>st</sup> March 2009.
- iv) In our opinion & according to the information & explanations given to us, there are adequate internal control systems commensurate with the size of the company & nature of its business for the purchase of inventory, fixed assets & also for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls systems.



- v)** a) In our opinion and according to the information & explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- b) In our opinion, and according to information and explanation given to us, the transactions of Purchase of goods, and materials and Sale of goods, materials, Fixed Assets and Services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rupees Five lacs or more in respect of each party, have been made at prices which are reasonable, having regard to the prevailing market prices for such Goods ,Materials ,Fixed assets &Services or the prices at which the transactions for similar Goods ,Materials, Fixed Assets & Services have been made with other parties.
- vi)** The Company has not accepted any deposit from the public during the year.
- vii)** The company has appointed internal auditor and has carried out internal audit during the year, however, in our opinion based on the size, nature and extent of the business the same needs to be strengthened.
- viii)** The Central Government has prescribed maintenance of Cost records under Section 209 (I) (d) of the Companies Act, 1956. On the basis of report received from the practicing cost accountant, appointed by the Company we are of the opinion that the Company has prima facie maintained prescribed records & accounts. We have however not made a detailed examination of the same.
- ix)** a) *According to the records of undisputed Statutory dues including provident fund, employees State Insurance, Income-tax, Wealth-tax, Service Tax, Sales-tax Customs duties, excise duty, cess and other statutory dues have not been regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable,except income tax dues of Rs 81.71lacs.*
- b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the company has no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- x)** On the basis of information and explanation given to us and on the basis of records produced before us the company does not have any accumulated loss at the end of the year and has not incurred cash losses in the relevant financial year and in the immediately preceding financial year.
- xi)** *On the basis of information and explanation given to us and on the basis of records produced the company has delayed the payment in respect of interest/installment to the banks and institutions during the year. However, as explained to us, the company has repaid the respective installment / interest so that the accounts of the company with the banks and institutions have remained in order. As per the information given to us, repayments have been delayed generally in a range of 4 days to 88 days from the due date. The total interest payment made by the company with delay is Rs. 1427.11 Lacs during the year and delay in total installment by the company are Rs. 2520.61 Lacs.*
- xii)** In our opinion & according to the information & explanation given to us, no loans & advances have been granted by the company on the basis of security by way of pledge of shares, debentures & other securities.



- xiii)** In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society etc.
- xiv)** According to the information & explanations given to us, the company is not dealing or trading in shares, securities debentures & other investments.
- xv)** The company has given guarantee for Rs. 80 Crores for loans taken by Shah Alloys Limited, in our opinion, the terms & conditions on which the company has given guarantee for loans taken by Shah Alloys Limited from Banks or financial institutions are prima facie, not prejudicial to the interest of the company.
- xvi)** According to the information & explanations given to us, the term loans have been applied for the purpose for which they have been raised.
- xvii)** *According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company and after placing reliance on the reasonable assumptions made by the company, funds raised on short term basis amounting to Rs. 11.88 Crores have been used for long term purpose.*
- xviii)** During the period covered under audit report the company has not made any preferential allotment of shares.
- xix)** During the period covered under audit report the company has not issued any debentures accordingly the provisions of clause (xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- xx)** During the period covered under audit report the company has not raised any money by way of public issue during the year.
- xxi)** According to the information & explanations given to us, no fraud on or by the company has been noticed or reported during the course of our Audit.

**FOR PARIKH & MAJMUDAR  
CHARTERED ACCOUNTANTS**

**FOR TALATI & TALATI  
CHARTERED ACCOUNTANTS**

**PLACE: - AHMEDABAD  
DATE: - 27.06.2009**

**(HITEN PARIKH)  
PARTNER  
M.No 40230**

**(UMESH TALATI)  
PARTNER  
M.No 34834**



## BALANCE SHEET AS AT 31st March 2009

	Schedule	As at 31-3-2009 Rupees	As at 31-3-2009 Rupees	As at 31-3-2008 Rupees	As at 31-3-2008 Rupees
<b>(A) SOURCES OF FUNDS</b>					
1.	<b>Shareholder's Funds</b>				
	a) Share Capital	1 84 96 67 000		84 96 67 000	
	b) Reserves and Surplus	2 39 58 13 962	1 24 54 80 962	37 61 99 734	1 22 58 66 734
2.	<b>Loan Funds</b>				
	a) Secured Loans	3 1 67 44 74 136		1 57 93 47 950	
	b) Unsecured Loans	4 81 60 12 095	2 49 04 86 231	96 60 12 095	2 54 53 60 045
3	<b>Deferred Tax Liability (Net )</b> ( Refer note No 6 of Sch 19 )		7 83 95 023		9 07 53 472
	<b>TOTAL</b>		<b>3 81 43 62 216</b>		<b>3 86 19 80 251</b>
<b>(B) APPLICATION OF FUNDS</b>					
1.	<b>Fixed Assets</b>	5			
	a) Gross Block	2 67 42 08 905		2 59 24 95 337	
	b) Less : Depreciation	61 08 56 643		42 48 66 111	
	c) Net Block	2 06 33 52 262		2 16 76 29 226	
	d) Capital work-in-progress	1 27 08 28 845	3 33 41 81 107	1 23 60 52 596	3 40 36 81 822
2.	<b>Investments</b>		-		-
3	<b>Current Assets &amp; Loans &amp; Advances</b>				
	a) Inventories	6 76 48 74 579		72 48 06 108	
	b) Sundry Debtors	7 9 31 49 940		4 90 31 749	
	c) Cash & Bank Balances	8 16 85 05 988		10 63 65 194	
	d) Loans & Advances	9 20 33 66 172		38 16 73 378	
		1 22 98 96 679		1 26 18 76 429	
	<b>Less : Current Liabilities &amp; Provisions</b>				
	a) Current Liabilities	10 75 55 47 950		80 36 35 604	
	b) Provisions	11 96 76 473		2 56 27 349	
		76 52 24 423		82 92 62 953	
	<b>Net Current Assets</b>		46 46 72 256		43 26 13 476
4	Miscellaneous Expenditures [to the extent not written off or adjusted]	12	1 55 08 853		2 56 84 953
	<b>TOTAL</b>		<b>3 81 43 62 216</b>		<b>3 86 19 80 251</b>
	<b>Significant Accounting Policy</b>				
	<b>Notes forming part of Accounts</b>	19			

Schedules refer to herein above form an integral part of  
Financial Statement  
As per our report of even date attached

**For, Parikh & Majmudar**  
**Chartered Accountants**

**Hiten Parikh**  
**Partner**  
**M. No 40230**

Place:- Ahmedabad  
Date :-27/06/2009

**For, Talati & Talati**  
**Chartered Accountants**

**Umesh Talati**  
**Partner**  
**M. No 34834**

**For S.A.L. STEEL LIMITED**

**Shri Rajendra V. Shah** Chairman  
**Dr. K. C. Thatoi** Managing Director  
**Shri Sujal A. Shah** Director (Purchase)  
**Shri B. M. Singhal** Director  
**Shri Anilkumar Pandya** Director



## 6th Annual Report

## Profit And Loss Account For The Year Ended On 31st March 2009

	Schedule	Year Ended on 31-3-2009 Rupees	Year Ended on 31-3-2009 Rupees	Year Ended on 31-3-2008 Rupees	Year Ended on 31-3-2008 Rupees
<b>(A) INCOME</b>					
1	Gross Income from operations	13	4 27 59 70 630	4 23 28 12 253	
	Less :- Excise Duty		41 64 43 828	49 01 09 322	
	Net sales		<u>3 85 95 26 802</u>	<u>3 74 27 02 931</u>	
2	Increase / (Decrease) in Stocks	14	10 64 36 432	( 7 68 77 025)	
3	Other Income	15	2 53 03 362	4 53 37 571	
	<b>TOTAL</b>		<b>3 99 12 66 596</b>	<b>3 71 11 63 477</b>	
<b>(B) EXPENDITURE</b>					
1	Material consumed	16	2 65 70 63 788	2 38 32 97 810	
2	Manufacturing & Other Expenses	17	78 08 71 947	59 53 23 123	
3	Interest & Finance Charges	18	35 56 77 433	29 69 60 850	
4	Loss due to fire		-	49 73 410	
	<b>TOTAL</b>		<b>3 79 36 13 168</b>	<b>3 28 05 55 193</b>	
(C)	<b>Net Profit before Depreciation and Taxation</b>		19 76 53 428	43 06 08 284	
(D)	<b>Depreciation</b>		18 63 02 479	18 86 23 915	
(E)	<b>Profit before Taxation</b>		<b>1 13 50 949</b>	<b>24 19 84 369</b>	
(F)	Provision for Taxation - Current tax		11 00 000	3 00 00 000	
	- Wealth tax		37 735	0	
	- FBT		8 00 000	5 38 912	
	- Deferred tax		( 1 23 58 449)	10 24 84 071	
	- Short Provision for earlier year W / Off		1 37 596	0	
			( 1 02 83 118)	13 30 22 983	
(G)	<b>Profit after Tax</b>		2 16 34 067	10 89 61 386	
(H)	Prior Period Adjustment (refer note no-16 of Sch 19 )		20 19 839	( 6 15 468)	
(I)	<b>Profit for the year</b>		1 96 14 228	10 95 76 854	
(J)	Balance brought forward from Previous Year		8 78 68 558	( 2 17 08 297)	
	<b>Balance Carried to Balance Sheet</b>		<b>10 74 82 786</b>	<b>8 78 68 558</b>	
	Earning per share Basic & Diluted (Nominal ValueRs. 10 Per Share P Y Rs.10 Per Share) (Refer Note No 7 of Schedule 19)		0.23	1.29	
<b>Significant Accounting Policy</b>					
<b>Notes forming part of Accounts 19</b>					

Schedules refer to herein above form an integral part of Financial Statement  
As per our report of even date attached

**For, Parikh & Majmudar  
Chartered Accountants**

**Hiten Parikh  
Partner  
M. No 40230**

Place:- Ahmedabad  
Date :-27/06/2009

**For, Talati & Talati  
Chartered Accountants**

**Umesh Talati  
Partner  
M. No 34834**

**For S.A.L. STEEL LIMITED**

**Shri Rajendra V. Shah** Chairman  
**Dr. K. C. Thatoi** Managing Director  
**Shri Sujal A. Shah** Director (Purchase)  
**Shri B. M. Singhal** Director  
**Shri Anilkumar Pandya** Director



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009**  
(Pursuant to the listing Agreement with Stock Exchange)

	2008-09		2007-2008	
	Rupees	Rupees	Rupees	Rupees
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before Tax and Extraordinary items		11,350,949		241,984,370
Adjustments for :				
Depreciation	186,302,479		187,261,916	
loss on sale of assets	612,095		-	
General Reserve (Provision for Gratuity & Leave)	-		511,097	
Misc. Expenses written off	10,176,100		10,176,100	
Interest expenses	335,983,661		254,637,686	
Interest Income	-5,507,338	527,566,997	-8,132,393	444,454,406
<b>Operating Profit Before Working Capital Changes</b>		538,917,946		686,438,776
Adjustments for :				
Trade and other receivables	134,189,016		-216,640,789	
Inventories	-40,068,471		-88,116,685	
Trade Payable	-61,954,367	32,166,178	358,154,966	53,397,492
<b>Cash Generated From Operations</b>		571,084,124		739,836,268
Direct Taxes Paid		2,075,331		30,538,912
<b>Cash Flow Before Extraordinary Items</b>		569,008,793		709,297,356
Prior period adjustments		-2,019,839		615,468
<b>Net Cash from Operating Activities</b>		566,988,954		709,912,824
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Net of Modvat benefit & including Pre-operative Exps. WIP Cap. Advance)	118,780,135		373,576,741	
Sale of Fixed Assets	-1,366,276		0	
Interest Income	-5,507,338	111,906,521	-8,132,393	365,444,348
<b>Net Cash Used in Investing Activities</b>		111,906,521		365,444,348
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from Long term Borrowings (Net of repayments)	-252,057,834		-182,422,020	
Proceeds from Unsecured Borrowings (Net of repayments)	-150,000,000		-5,626,934	
Proceeds from Bank/ FIS borrowings for Working Capital.	323,831,936		50,410,244	
Proceeds From Sales Tax defferment Loan	0		0	
Deferred payment credits against vehicles (Net of repayments)	23,352,083		12,726,003	
Interest Paid	-338,067,824	-392,941,639	-255,858,125	-380,770,832

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009**  
(Pursuant to the listing Agreement with Stock Exchange)

	2008-09		2007-2008	
	Rupees	Rupees	Rupees	Rupees
<b>Net Cash Generated in Financing Activities</b>		-392,941,639	-	380,770,832
Net Increase / (Decrease) in Cash and Equivalent.		<b>62,140,794</b>		<b>-36,302,356</b>
Cash And Cash Equivalents as at the Beginning of the year		106,365,194		142,667,551
Cash And Cash Equivalents as at the Closing of the year		168,505,988		106,365,194
		<b>-62,140,794</b>		<b>36,302,357</b>

As per our report of even date attached

**For, Parikh & Majmudar**  
**Chartered Accountants****Hiten Parikh**  
**Partner**  
**M. No 40230**Place:- Ahmedabad  
Date :-27/06/2009**For, Talati & Talati**  
**Chartered Accountants****Umesh Talati**  
**Partner**  
**M. No 34834****For S.A.L. STEEL LIMITED****Shri Rajendra V. Shah** Chairman  
**Dr. K. C. Thatoi** Managing Director  
**Shri Sujal A. Shah** Director (Purchase)  
**Shri B. M. Singhal** Director  
**Shri Anilkumar Pandya** Director

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SCHEDULE : 1 : SHARE CAPITAL</b>		
<b>Authorised Capital</b>	95 00 00 000	95 00 00 000
9,50,00,000 Equity Shares of Rs/- 10 each (P.Y. 9,50,00,000 Equity Shares of Rs. 10/- each)		
<b>Issued subscribed &amp; paid-up Capital</b>		
8,49,66,700 Equity Shares of Rs 10/- each fully paid up (P.Y. 8,49,66,700 Equity Shares of Rs.10/- each fully paid up)	84 96 67 000	84 96 67 000
<b>TOTAL</b>	<b>84 96 67 000</b>	<b>84 96 67 000</b>
<b>SCHEDULE : 2 : RESERVES &amp; SURPLUS</b>		
(a) Security Premium	28 78 20 080	28 78 20 080
(b) General Reserve		
Opening Balance	5 11 096	0
Add : Addition during the year	-	5 11 096
	5 11 096	5 11 096
(c) Surplus in Profit and Loss account	10 74 82 786	8 78 68 558
<b>TOTAL</b>	<b>39 58 13 962</b>	<b>37 61 99 734</b>
<b>SCHEDULE : 3 : SECURED LOANS</b>		
<b>a) Loan From Banks :</b>		
Working Capital Facilities	69 98 81 744	37 60 49 807
Term Loans	93 67 03 089	1 18 87 60 923
(Refer Note 10 of Schedule 19)		
<b>b) Other Loans :</b>		
Vehicles acquired under the hire purchase scheme are secured against vehicles acquired under the hire purchase agreement	3 78 89 303	1 45 37 220
<b>TOTAL</b>	<b>1 67 44 74 136</b>	<b>1 57 93 47 950</b>
<b>SCHEDULE : 4 : UNSECURED LOANS</b>		
From Directors	24 33 600	24 33 600
Inter-corporate Loans	80 00 00 000	95 00 00 000
(From the Company under the same Management)		
Deferred Payment Liability in respect of Sales Tax. (Refer Note 12 of Schedule 19)	1 35 78 495	1 35 78 495
<b>TOTAL</b>	<b>81 60 12 095</b>	<b>96 60 12 095</b>
<b>SCHEDULE : 6 : INVENTORIES</b>		
<b>(As taken, valued &amp; certified by management)</b>		
<b>(Cost or Net Realisable value whichever is less)</b>		
Stores & Spares	17 69 72 136	1 07 62 769
Raw Materials [Including Goods in Transit of Rs 3,27,78,210/- (P.Y Rs 19,53,19,147/-)]	25 51 70 802	48 11 26 594
Finished Goods	12 60 84 758	12 74 32 662
Semi-finished Goods	4 76 67 651	2 56 27 339
Wastage	15 79 72 237	7 21 93 585
Scrap	0	34 628
Fuel	10 06 995	76 28 531
<b>TOTAL</b>	<b>76 48 74 579</b>	<b>72 48 06 108</b>

## Schedules Forming Part of The Balance Sheet

### SCHEDULE : 5 : FIXED ASSETS

		GROSS BLOCK				DEPRECEIATION				NET BLOCK	
Sr. No.	Particulars of Assets	Opening Balance as at 01-04-2008 Rs.	Additions During the Year Rs.	Sales/ Adjustments During the Year Rs.	Total as at 31-03-2009 Rs.	Upto 31-03-2009 Rs.	For the Year Rs.	Sales/ Adjustments During the Year Rs.	Total as at 31-03-2009 Rs.	As at 31-03-2009 Rs.	As at 31-3-2008 Rs.
1	Freehold Land	5 22 64 112	0	0	5 22 64 112	0	0	0	0	5 22 64 112	5 22 64 112
2	Factory Building	44 22 54 905	8 77 279	0	44 31 32 184	2 46 94 351	1 47 82 508	0	3 94 76 859	40 36 55 325	41 75 60 554
3	Plant and Machinery	2 05 56 51 183	2 79 61 984	19 35 562	2 08 16 77 605	39 32 80 956	16 38 67 599	2 26 300	55 69 22 255	1 52 47 55 350	1 66 23 70 227
4	Computers	12 92 377	67 75 931	0	80 68 308	4 65 596	6 13 571	0	10 79 167	69 89 141	8 26 781
5	Software (SAP)	0	98 50 000	0	98 50 000	0	4 07 410	0	4 07 410	94 42 590	0
6	Office Equipments	25 58 704	3 65 303	0	29 24 007	2 77 188	1 38 507	0	4 15 695	25 08 312	22 81 516
7	Furniture and Fixtures	60 66 795	1 29 505	0	61 96 300	8 95 076	3 90 204	0	12 85 280	49 11 020	51 71 719
8	Vehicles	3 24 07 261	3 80 43 884	3 54 756	7 00 96 389	52 52 944	61 02 680	85 647	1 12 69 977	5 88 26 412	2 71 54 317
	<b>SUB-TOTAL</b>	<b>2 59 24 95 337</b>	<b>8 40 03 886</b>	<b>22 90 318</b>	<b>2 67 42 08 905</b>	<b>42 48 66 111</b>	<b>18 63 02 479</b>	<b>3 11 947</b>	<b>61 08 56 643</b>	<b>2 06 33 52 262</b>	<b>2 16 76 29 226</b>
	PREVIOUS YEAR	2 57 54 68 425	3 40 58 850	1 70 31 938	2 59 24 95 337	23 76 04 195	18 86 23 915	13 61 999	42 48 66 111	2 16 76 29 226	2 33 78 64 230
TOTAL —>										1 27 08 28 845	1 23 60 52 596
TOTAL —>										3 33 41 81 107	3 40 36 81 822

Note :- Capital Work In Progress Includes Preoperative Expenditures of Rs. 29.19 Crores (P.Y. 23.03 Crores)



**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2009 (Rupees)	As at 31.03.2008 (Rupees)
<b>SCHEDULE : 7 : SUNDRY DEBTORS</b>		
(Unsecured considered good)		
Debts due for a period exceeding six months	2 88 75 205	54 97 267
Other Debts (Refer Note 11 of Schedule 19)	6 42 74 735	4 35 34 482
<b>TOTAL</b>	<b>9 31 49 940</b>	<b>4 90 31 749</b>
<b>SCHEDULE : 8 : CASH AND BANK BALANCES</b>		
<b>A) Cash on Hand</b>		
	46 11 141	19 71 530
<b>B) Balance With Schedule Banks</b>		
-In Current Account	1 87 07 635	39 00 025
-In Deposit Account (Margin Money)	14 51 87 212	10 04 93 639
<b>TOTAL</b>	<b>16 85 05 988</b>	<b>10 63 65 194</b>
<b>SCHEDULE : 9 : LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	3 66 26 762	4 34 13 218
Deposits	1 82 41 540	4 26 12 066
Advances to Suppliers	6 87 99 682	18 82 12 994
Balance with Excise Authorities	4 78 68 650	7 98 08 171
Balance with VAT Authorities (Refer Note 12 of Schedule 19)	3 18 29 536	2 76 26 930
<b>TOTAL</b>	<b>20 33 66 172</b>	<b>38 16 73 378</b>
<b>SCHEDULE : 10 : CURRENT LIABILITIES</b>		
Sundry Creditors		
- Micro Small and Medium Enterprises (Refer Note No 13 of Sch 19)	0	0
- Others	51 28 54 604	66 19 13 905
Advances from Customers	18 96 35 200	90 75 584
Statutory Liabilities	1 51 18 357	2 11 21 417
Other Liabilities	2 70 33 894	9 76 37 747
Interest Accrued but not due	1 09 05 895	1 29 90 058
Credit Balance in Current Account with Banks	0	8 96 893
<b>TOTAL</b>	<b>75 55 47 950</b>	<b>80 36 35 604</b>
<b>SCHEDULE : 11 : PROVISIONS</b>		
For Taxation (Net of Tax Paid)	68 20 029	2 38 43 298
For Gratuity	14 44 084	10 29 217
For Fringe Benefit Tax (Net of Advance Tax)	8 00 000	2 70 125
For Leave Encashment	5 74 625	4 84 709
For Wealth tax	37 735	0
<b>TOTAL</b>	<b>96 76 473</b>	<b>2 56 27 349</b>
<b>SCHEDULE : 12 : MISCELLANEOUS EXPENDITURE</b>		
<b>[To the extent not written off or adjusted]</b>		
Preliminary Expenditure		
Opening Balance	2 56 84 953	3 58 61 053
Less:- Written off during the year	1 01 76 100	1 01 76 100
<b>TOTAL</b>	<b>1 55 08 853</b>	<b>2 56 84 953</b>

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the Year Ended on 31-03-2009 (Rupees)	For the Year Ended on 31-03-2008 (Rupees)
<b>SCHEDULE : 13 : GROSS INCOME FROM OPERATIONS</b>		
a) Manufacturing Sales	3 72 36 06 692	3 67 36 19 462
b) Electricity Distribution Income	25 31 83 773	17 41 89 225
c) Trading Sales	9 51 570	2 01 60 236
d) Excise Duty Claim Received	29 82 28 595	36 48 43 330
<b>TOTAL</b>	<b><u>4 27 59 70 630</u></b>	<b><u>4 23 28 12 253</u></b>
<b>SCHEDULE : 14 : INCREASE / (DECREASE) IN STOCKS</b>		
<b>A) Closing Stocks</b>		
- Finished Goods	12 60 84 758	12 74 32 662
- Semi-Finished Goods	4 76 67 651	2 56 27 339
- Scrap	0	34 628
- Wastage	15 79 72 237	7 21 93 585
<b>Sub-Total (A)</b>	<b><u>33 17 24 646</u></b>	<b><u>22 52 88 214</u></b>
<b>B) Less : Opening Stocks</b>		
- Finished Goods	12 74 32 662	16 06 87 689
- Semi-Finished Goods	2 56 27 339	3 83 75 530
- Scrap	34 628	0
- Wastage	7 21 93 585	10 31 02 020
<b>Sub-Total (B)</b>	<b><u>22 52 88 214</u></b>	<b><u>30 21 65 239</u></b>
<b>TOTAL (A-B)</b>	<b><u>10 64 36 432</u></b>	<b><u>( 7 68 77 025)</u></b>
<b>SCHEDULE : 15 : OTHER INCOME</b>		
Interest on FDR [TDS Rs 10,96,519/- (P.Y. Rs 16,21,808/-)]	55 07 338	81 32 393
Miscellaneous Receipts	13 53 912	12 54 911
Credit /Debit Balance Written Back /Written off	1 20 09 931	0
Profit on sales of Fixed Assets (Net)	0	64 35 471
Interest Income (Others)	64 32 181	1 38 72 696
[TDS Rs 8,13,094/- (P.Y. Rs 26,54,981/-)]		
Foreign Exchange Fluctuation Gain (Net)	0	1 56 42 100
<b>TOTAL</b>	<b><u>2 53 03 362</u></b>	<b><u>4 53 37 571</u></b>
<b>SCHEDULE : 16 : MATERIAL CONSUMED</b>		
<b>A) Raw Material :</b>		
Opening Stock	48 11 26 594	31 22 42 927
Purchases	<u>2 43 17 41 486</u>	<u>2 53 09 49 761</u>
	2 91 28 68 080	2 84 31 92 688
Less: Captive consumption for Fixed Assets	<u>1 34 07 354</u>	<u>0</u>
	2 89 94 60 726	2 84 31 92 688
Less :Closing Stock	<u>24 32 22 986</u>	<u>48 11 26 594</u>
<b>Sub Total (A)</b>	<b><u>2 65 62 37 740</u></b>	<b><u>2 36 20 66 094</u></b>
<b>B) Trading Goods:</b>		
Opening Stock	0	0
Purchases	<u>8 26 048</u>	<u>2 12 31 716</u>
	8 26 048	2 12 31 716
Less: Closing Stock	<u>0</u>	<u>0</u>
<b>Sub Total (B)</b>	<b><u>8 26 048</u></b>	<b><u>2 12 31 716</u></b>
<b>TOTAL (A + B)</b>	<b><u>2 65 70 63 788</u></b>	<b><u>2 38 32 97 810</u></b>


**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

	For the Year Ended on 31-03-2009 (Rupees)	For the Year Ended on 31-03-2008 (Rupees)
<b>SCHEDULE : 17 : MANUFACTURING &amp; OTHER EXPENSES</b>		
(Net of Amount transferred to Capital Expenses)		
<b>A) Stores &amp; Spares Consumed</b>		
Opening Stocks	1 07 62 769	1 61 05 305
Add:- Purchases	17 74 70 638	9 32 07 541
Add : Amount transfer from Capital Work in Progress (Refer note No 11 of Sch 19 )	9 34 84 474	-
	<u>28 17 17 881</u>	<u>10 93 12 846</u>
Less:- Closing Stock	17 69 72 136	1 07 62 769
<b>Sub-Total (A)</b>	<b><u>10 47 45 745</u></b>	<b><u>9 85 50 077</u></b>
<b>B) Employee's Emoluments</b>		
Salaries,Wages & Bonus	3 20 59 005	2 52 08 455
Contribution to Provident & other Funds	29 07 332	24 74 490
Workman & Staff Welfare Expenses	4 66 39 401	2 91 47 173
<b>Sub-Total (B)</b>	<b><u>8 16 05 738</u></b>	<b><u>5 68 30 118</u></b>
<b>C) Other Manufacturing Expenses</b>		
Manufacturing Expenses	4 52 95 348	4 55 39 165
Power & Fuel	40 32 94 050	25 54 86 128
Factory Expenses	39 51 169	65 19 231
Repairs		
- to Factory Building	64 06 306	17 33 150
- to Plant & Machinery	93 41 024	97 59 349
- to Others	69 32 381	91 159
Provision of Excise Duty on Closing Stock of Finished Goods	( 56 70 563)	( 66 74 714)
<b>Sub-Total (C)</b>	<b><u>46 95 49 715</u></b>	<b><u>31 24 53 468</u></b>
<b>D) Other Expenses</b>		
Auditor's Remuneration	8 20 000	4 00 000
Donation	43 501	0
Freight Outward	4 92 50 917	7 38 56 781
Rent Expenses	8 37 651	9 23 643
Rates & Taxes	22 99 820	12 17 408
Selling & Distribution Expenses	1 57 02 072	1 66 30 708
Stationary & Printing Charges	7 24 811	8 05 114
Traveling conveyance & vehicle Expenses	88 50 522	65 55 775
General Expenses	25 28 237	19 83 867
Insurance Premium Charges	24 15 384	59 48 861
Legal & Professional Charges	41 52 763	22 89 483
Bad debts (written off)	0	69 147
Postage & Telephone Expenses	19 98 697	20 92 616
Preliminary Expenditure Written off	1 01 76 100	1 01 76 100
Loss on sale of Fixed Assets	6 12 095	0
Vat / Sales Tax Expenses	1 80 36 384	2 800
Credit /Debit Balance Written Back /Written off	0	20 75 482
Service Tax	43 11 209	23 07 569
Subscription & Membership Fess	22 10 586	1 54 106
<b>Sub-Total (D)</b>	<b><u>12 49 70 749</u></b>	<b><u>12 74 89 460</u></b>
<b>TOTAL (A + B + C + D)</b>	<b><u>78 08 71 947</u></b>	<b><u>59 53 23 123</u></b>
<b>SCHEDULE : 18 : INTEREST &amp; FINANCE CHARGES</b>		
(Net of Amount transferred to Capital Expenses)		
<b>To Bank</b>		
Interest on Term Loans	14 27 11 462	16 74 42 910
Interest on Working Capital	14 59 93 513	8 71 94 776
Other Interest & Finance Charges	3 03 44 076	1 81 41 199
<b>To Others</b>		
Other Interest & Finance Charges	1 69 34 611	2 41 81 965
Foreign Exchange Fluctuation Loss (Net)	1 96 93 771	0
<b>TOTAL</b>	<b><u>35 56 77 433</u></b>	<b><u>29 69 60 850</u></b>

**SCHEDULE : 19 : NOTES FORMING PART OF ACCOUNTS****1. (a) SIGNIFICANT ACCOUNTING POLICIES****I. METHOD OF ACCOUNTING**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles in India, the provisions of the Companies Act 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

**II. RECOGNITION OF INCOME & EXPENDITURE**

Revenues / Incomes and costs / expenditures are generally accounted on accrual, as they are earned or incurred. Sales are inclusive of Excise Duty and Sales Tax and net of returns.

**III. EXCISE DUTY**

Excise Duty recovered are included in sales. Excise Duty in respect of Finished Goods are shown separately as an item of Manufacturing & Other Expenses and included in Valuation of Finished goods.

**IV. FIXED ASSETS**

- (a) Fixed assets are stated at cost (net of Cenvat), less accumulated depreciation [other than "freehold land" where no depreciation is charged].
- (b) Capital Work in progress including capital advances are stated at cost.
- (c) Cost of Trial run Production incurred during the initial period of production has been capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects has been / will be capitalized amongst the various heads of fixed assets on the commencement of the projects.

**V. VALUATION OF INVENTORIES**

- Raw Materials, Trading Goods, Stores & Spares & Semi Finished Goods: At Lower of the Cost or Net realizable value after considering the credit of VAT and CENVAT
- Finished goods & Wastage At Lower of the Cost or Net realizable value. (Including excise duty in respect of finished goods)

Cost of Finished goods is determined using the absorption costing principle. Cost includes Cost of material consumed, Labours, and systematic allocation of variable and fixed production overheads, Including Excise duty at applicable rates.

**VI. CASH FLOW STATEMENT**

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and deposits with banks

**VII. INVESTMENTS**

Investments are classified as Long Term & Current Investments. Long Term Investments are valued at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

**VIII. EMPLOYEE BENEFITS****(a) Short Term**

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

**(b) Long Term**

The Company has both defined contribution and defined benefit plans, of which some have assets in approved funds. These plans are financed by the Company in the case of defined contribution plans.

**(c) Defined Contribution Plans**

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee performs the services that the payment covers.

**(d) Defined Benefit Plans**

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

**(e) Other Employee Benefit**

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

**IX. TAXATION**

Income tax expenses comprises current tax, fringe benefit tax (FBT) and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. Provision for FBT is made on the basis of the fringe benefits provided / deemed to have been provided during the year at the rates and values applicable to the relevant assessment year. The deferred tax assets and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each balance sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

**X. METHOD OF DEPRECIATION**

- I Depreciation on fixed assets [other than land where no depreciation is provided] has been provided on straight-line method in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956, at the rates specified in Schedule XIV to the Companies Act, 1956.
- II Depreciation in respect of plant and machineries has been provided on the basis of triple shift working (except for Plant and Machineries of Sponge Iron & Ferro Alloys Project on which depreciation has been provided on continuous process plant working and depreciation on Rolling Mill Plant has been provided on single shift working on the basis of certificate received from management). Depreciation in respect of fixed assets



acquired / put to use during the years is charged on pro-rata basis with reference to the date of installation of fixed assets.

III No Depreciation has been provided in respect of Capital Work in Progress.

**XI. FOREIGN CURRENCY TRANSACTIONS**

Transactions in the foreign currency, which are covered by forward contracts, are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are recorded at rate of exchange in force at the time of occurrence of transactions. Gain or Loss due to fluctuation in exchange rates is dealt with through profit and loss account. Monetary assets and liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate. The difference in transactions of monetary liabilities and related gains or losses on foreign exchange transactions is recognized in the profit & loss account.

**XII. BORROWING COST**

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalized up to the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to appropriate borrowings.

**XIII. EARNING PER SHARE**

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares in issue during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

**XIV. IMPAIRMENT OF ASSETS**

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

**XV. CONTINGENT LIABILITY AND CONTINGENT ASSETS**

- (a) Contingent liabilities are not recognized but are disclosed in the notes.
- (b) No Contingent Assets are neither recognized nor disclosed in the financial statements.

**XVI. MISCELLANEOUS EXPENDITURE**

Preliminary & Public Issue expenses are amortized to profit and loss account over a period of 5 years in equal installments.

**2. CONTINGENT LIABILITIES**

- i. Estimated amount of contracts remaining to be executed on capital account [net of advances] and not provided for Rs. 4349.28 Lacs [P.Y. 4,300.42 Lacs].  
Contingent Liability not Provided for in respect of :-



[Rs. In lacs]

Particulars	Amount 2008-2009	Amount 2007-2008
Inland Letter of Credit	961.67	3,409.53
Foreign Letter of Credit	0.00	434.50
Bank Guarantee Given	661.15	131.15
Corporate Guarantees Given to Banks for Shah Alloys Ltd.	8,000.00	0.00
Bills Discounting	7153.06	3,456.74

### 3. Foreign currency exposure at the year end not hedged by derivative instruments:

- The Company has not entered into any forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee.
- Foreign currency exposure at the year end not hedged by derivative instruments.

As at 31 <sup>st</sup> March 2009	
<b>Payables against import of goods and services</b>	
Rupees	17801293
US Dollar	349387

### 4. Segment Reporting

The Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in iron & steel industry. Further power generated in the company in its power plant is largely used for captive purpose. Therefore, company has considered "IRON & STEEL" as the only primary reportable business segment, as per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India. Further the company has its business within the geographical territory of India Therefore, company has considered "INDIAN GEOGRAPHY" as the only secondary reportable business segment, as per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

### 5. RELATED PARTY DISCLOSURES

Associates : Shah Alloys Ltd., Adarsh Foundation (Charitable Trust),  
Key Management Personnel : Shri Rajendra V Shah Rajinder Arora, Dr. K.C. Thatoi,

Nature of Transactions	Shah Alloys Ltd.	Adarsh Foundation	Rajinder Arora	Dr. K.C. Thatoi	Balance As on 31st March 2009
Purchase of Raw Material	12,81,574	-	-	-	-
P.Y. (2007-2008)	(1,51,66,235)	-	-	-	-
Purchase Of Capital Goods / Stores	7,34,64,527	-	-	-	-
P.Y. (2007-2008)	(6,17,06,483)	-	-	-	(5,18,67,667)
Sales (Including Power)	3,51,37,63,116	-	-	-	3,39,50,617
P.Y. (2007-2008)	(3,10,97,53,740)	(63,561)	-	-	(63,561)
Net Repayment of Loan	15,00,00,000	-	-	-	80,00,00,000
P.Y. (2007-2008)	(56,26,933)	-	-	-	(95,00,00,000)
					(24,33,600)
Remuneration to Directors	-	-	11,04,000	7,40,000	-
P.Y. (2007-2008)	-	-	16,56,000	-	-

**6. The breakup of Deferred Tax Assets / Liabilities as at 31.03.2009 is as under**

<b>PARTICULARS</b>		<b>(Amount in Rs.) 31-03-2009</b>	<b>(Amount in Rs.) 31-03-2008</b>
<b>DEFERRED TAX ASSETS</b>			
- Unabsorbed Business Loss		24,14,67,005	24,81,82,385
- 43B Difference		21,16,602	5,14,584
- Others		6,86,159	12,43,685
Total	<b>[A]</b>	<b>24,42,69,766</b>	<b>24,99,40,654</b>
<b>DEFERRED TAX LIABILITIES</b>			
- Depreciation Difference	<b>[B]</b>	32,26,64,789	34,06,94,126
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>[A-B]</b>	<b>(7,83,95,023)</b>	<b>(9,07,53,472)</b>

**7. EARNING PER SHARE**

<b>PARTICULARS</b>	<b>Amount in Rs 31-03-2009</b>	<b>Amount in Rs 31-03-2008</b>
- Net Profit / (Loss) for the year after tax	1,96,14,228	10,95,76,855
- Nos. of Equity Share	8,49,66,700	8,49,66,700
- Basic & Diluted Earning per Share	0.23	1.29

8. As informed to us, the Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.
9. As per Accounting Standard 15 "Employee Benefits", the disclosures of Employee benefits as defined in the Accounting Standard are given below :

**Defined Contribution Plan:**

Contribution to Defined Contribution Plan, recognized as expense for the year is as under :

	<b>Amount in Rs (2008-09)</b>	<b>Amount in Rs. (2007-08)</b>
Employer's Contribution to Provident Fund	20,97,235	18,74,820

**Defined Benefit Plan:**

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.



**i. Reconciliation of opening and closing balances of Defined Benefit obligation:**

	<b>Gratuity (Un Funded) 2008-2009</b>	<b>Gratuity (Un Funded) 2007-2008</b>	<b>Leave Encashment (Unfunded) 2008-2009</b>	<b>Leave Encashment (Unfunded) 2007-2008</b>
Defined Benefit obligation at beginning of the year	10,29,271	7,47,528	4,84,709	3,87,628
Current Service Cost	8,07,284	5,69,558	4,54,053	3,17,320
Interest Cost	87,488	63,540	41,200	32,948
Actuarial (gain) / Loss	(4,79,959)	(3,51,409)	(2,73,935)	(1,98,930)
Benefits paid	-	-	(1,31,402)	(54,227)
Defined Benefit obligation at year end	14,44,084	10,29,217	5,74,625	4,84,709

**ii. Reconciliation of opening and closing balances of fair value of plan assets:**

	<b>Gratuity (Un Funded) 2008-2009</b>	<b>Gratuity (Un Funded) 2007-2008</b>	<b>Leave Encashment (Unfunded) 2008-2009</b>	<b>Leave Encashment (Unfunded) 2007-2008</b>
Fair value of plan assets at beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain / (loss)	-	-	-	-
Employer contribution	-	-	1,31,402	-
Benefits paid	-	-	(1,31,402)	-
Fair Value of plan assets at year end	-	-	-	-

**iii. Reconciliation of fair value of assets and obligations:**

	<b>Gratuity (Un Funded) As at 31-03-2009</b>	<b>Gratuity (Un Funded) As at 31-03-2008</b>	<b>Leave Encashment (Unfunded) As at 31-03-2009</b>	<b>Leave Encashment (Unfunded) As at 31-03-2008</b>
Fair value of plan assets	-	-	-	-
Present value of obligation	14,44,084	10,29,217	5,74,625	4,84,709
Amount recognized in Balance Sheet	14,44,084	10,29,217	5,74,625	4,84,709

**iv. Expense recognized during the year**

	<b>Gratuity (Un Funded) 2008-2009</b>	<b>Gratuity (Un Funded) 2007-2008</b>	<b>Leave Encashment (Unfunded) 2008-2009</b>	<b>Leave Encashment (Unfunded) 2007-2008</b>
Current Service Cost	8,07,284	5,69,558	4,54,053	3,17,320
Interest Cost	87,488	63,540	41,200	32,948
Expected return on plan assets	-	-	-	-
Actuarial gain / (loss)	4,79,959	(3,51,409)	(2,73,935)	(1,98,960)
<b>Net Cost</b>	<b>4,14,813</b>	<b>2,81,609</b>	<b>2,21,318</b>	<b>1,51,308</b>



**v. Investment Details:**

	<b>Gratuity (Un Funded) As at 31-03-2009</b>	<b>Gratuity (Un Funded) As at 31-03-2008</b>	<b>Leave Encashment (Unfunded) As at 31-03-2009</b>	<b>Leave Encashment (Unfunded) As at 31-03-2008</b>
GOI Securities	-	-	-	-
Public Securities	-	-	-	-
Special Deposit Schemes	-	-	-	-
State Govt. Securities	-	-	-	-
Others (including bank balances)	-	-	-	-

**vi. Actuarial assumptions :**

	<b>Gratuity (Un Funded) 2008-2009</b>	<b>Gratuity (Un Funded) 2007-2008</b>	<b>Leave Encashment (Unfunded) 2008-2009</b>	<b>Leave Encashment (Unfunded) 2007-2008</b>
Mortality Table (LIC)	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96
Discount rate (per annum)	7.75%	8.50%	7.75%	8.50%
Expected rate of return on plan assets (p.a.)	7.75%	9.00%	-	-
Rate of escalation in salary (per annum)	6.00%	6.50%	6.00%	6.50%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

10. Certain Balance of Debtors, Creditors, Loans & Advances for capital expenditure are non moving/sticky since last 3 years. However in view of management, the same is recoverable / payable. Hence no provision for the same is made in the books of accounts.
11. The company was in the process of implementing the integrated steel project. The company had incurred certain capital expenditure which has reflected as capital work in progress. However, during the year under review, the company has decided to use certain stores, spares and consumables which were earlier forming part of Capital Work in Progress for normal production purpose. Hence said stores, spares and consumables valued at Rs.9.35 Crores have been transferred from the Capital Work in Progress account to stores, spares and consumable inventory and the same has been accordingly reflected in the closing balance of inventory as stores and spares as on 31.3.2009.

**12. SECURED LOANS**

	<b>Particulars</b>	<b>As at 31-03-2009 Rs.</b>	<b>As at 31-03-2008 Rs.</b>
<b>1</b>	<b>Term Loan From Financial Institution / Banks</b>	93,67,03,089	1,18,87,60,923
	<b>I. Rupee Term Loan:</b> Secured by First mortgage and hypothecation on all the immovable & movable assets both present & future by way of first charge ranking pari passu with charges created / to be created in favour of other institution / banks subject to prior charge on current assets in favour of the company's bankers for working capital borrowings. The loan is further secured by personal guarantee of i) Shri R. V. Shah ii) Smt. R. R. Shah iii) Shri J. V. Shah and iv) Corporate Guarantee of M/s Shah Alloys Ltd.,		



	<b>Particulars</b>	<b>As at 31-03-2009 Rs.</b>	<b>As at 31-03-2008 Rs.</b>
<b>2</b>	<b>Working Capital Facility From Banks:</b> Secured by Hypothecation of entire current assets of the company on pari-passu basis with consortium member banks & second charge on fixed assets of the company on Pari-passu basis with consortium member banks subject to first charge on pari-passu basis with Union Bank Of India, State Bank Of India, State Bank of Saurashtra and State Bank Of Hyderabad for their respective term loans. The loan is further secured by personal guarantee of i) Shri R. V. Shah ii) Smt. R. R. Shah iii) Shri J. V. Shah iv) Corporate Guarantee of M/s Shah Alloys Ltd.,	69,98,81,744	37,60,49,807
<b>13</b>	<b>Sundry debtors include dues from Associate Concerns in which directors of the company are interested:</b>	<b>As at 31-03-2009 Rs.</b>	<b>As at 31-03-2008 Rs.</b>
	a) Shah Alloys Limited	3,39,50,617	NIL
	b) Adarsh Foundation	63,561	63,561
<b>14</b>	<b>Unsecured Inter corporate Loan include dues to Associate Concerns in which Directors of the Company are interested</b>		
	a) Shah Alloys Limited	80,00,00,00	95,00,00,00
<b>15</b>	<b>Sundry Creditors Include dues to associate concern in which directors of the company are interested.</b>		
	a) Shah Alloys Limited	NIL	5,18,67,667
<b>16</b>	<b>Prior Period Adjustments represents:</b>		
	(a) Debit relating to earlier years	20,24,237	92,88,105
	(b) Credit relating to earlier years	4,398	99,03,573
	Total	<b>20,19,839</b>	<b>-6,15,468</b>

17. Expenses have been capitalized and transferred to pre-operative expenses on the basis of bifurcation made by the management. This being technical matter, auditors have accepted the same as correct.
18. The company has opted for Tax Remission Scheme in place of original composite scheme of Sales Tax. Due to this change, the VAT collected by the Company becomes Income of the Company and accordingly credited to Profit and Loss Account.
19. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.
20. Inventories are as taken, valued and certified by a Director.
21. Balances of Unsecured Loans, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.



22. Additional information pursuant to the provisions of paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956:

**[A] Remuneration to Directors:**

	<b>2008-2009 (Rupees)</b>	<b>2007-2008 (Rupees)</b>
(a) Salaries	26,53,909	24,66,000
(b) Other Perquisites	24,90,442	17,70,296
<b>Total :-</b>	<b>51,44,351</b>	<b>42,36,296</b>
<b>[B] Auditor's Remuneration:</b>		
(a) Audit Fees	8,00,000	4,00,000
(b) Other Charges	20,000	-
<b>Total</b>	<b>8,20,000</b>	<b>4,00,000</b>

**[C]. Capacity**

Class of Products	Annual Licensed capacity [P.A.]		Annual Installed capacity [P.A.]	
	<b>2008-2009</b>	<b>2007-2008</b>	<b>2008-2009</b>	<b>2007-2008</b>
Sponge Iron	N.A.	N.A.	18,0000 MT	18,0000 MT
Ferro Alloys	N.A.	N.A.	61,890 MT	61,890 MT
Rolled Products	N.A.	N.A.	25,000 MT	25,000 MT

**Note:**

Installed capacity is as certified by the Management and being a technical matter, accepted by the Auditors as correct.

**[D] PRODUCTION (Net Saleable Production)**

Class of Product		<b>2008-09 Qty (in M.T.)</b>	<b>2007-08 Qty (in M.T.)</b>
<b>1. FINISHED GOODS</b>			
<b>a)</b>	Sponge Iron Sponge Iron	<b>82919.700</b>	<b>1,08,821.287</b>
<b>b)</b>	Ferro Alloys Ferro Chrome Silicon Manganese Others	<b>14028.000</b> 5315.000 <b>2221.000</b>	<b>11,465.000</b> 4,095.580 <b>8,949.500</b>
<b>c)</b>	Rolling Mill M S Angle Others	<b>0.000</b> <b>3915.354</b>	<b>2,783.795</b> <b>101.444</b>
<b>2. WASTE PRODUCTS</b>			
<b>a)</b>	Burnt Coal	<b>9,824.712</b>	<b>27,065.052</b>
<b>b)</b>	Iron Ore Fines	13,620.440	11,229.250
<b>c)</b>	Coal Fines	<b>1,966.794</b>	<b>2,125.875</b>
<b>d)</b>	Other	5423.609	0.000
<b>3. POWER</b>			
<b>a)</b>	<b>Units (M.WH.)</b>	<b>55,070.20</b>	<b>49,768.35</b>

**[E] TURNOVER (Gross) (Net of Return and Trading sales)**

Class of Goods	2008-09		2007-08	
	QTY (in MT)	Value (Rupees)	QTY (in MT)	Value (Rupees)
<b>Finished Goods</b>				
<b>Sponge Iron</b>				
Sponge Iron	80093.135	1,73,63,84,329	1,11,240.345	1,85,64,74,362
<b>Ferro Alloys</b>				
Ferro Chrome	13,936.995	1,28,38,55,509	11,441.322	76,48,28,453
Silico Manganese	5,450.059	22,98,61,529	4,240.916	26,99,37,585
Others	2,466.800	43,19,52,348	8,985.585	60,75,43,778
<b>Rolling Mill</b>				
M S Angle	0.000	0	3,238.248	9,68,63,104
Others	2.894	120,648	641.177	2,14,61,904
<b>Waste Products</b>				
Burnt Coal	6381.980	89,42,097	32,825.000	3,78,94,078
Iron Ore Fines	1255.890	51,10,003	0.000	0
Coal Fines	1501.75	55,71,982	7,008.170	1,86,16,198
Others	5423.609	2,18,08,247	0.000	0
<b>TOTAL</b>	<b>1,16,513.112</b>	<b>3,72,36,06,692</b>	<b>1,79,620.763</b>	<b>3,67,36,19,462</b>
<b>POWER</b>				
Units (M.WH.)	55,070.20	25,31,83,773	49,768.35	17,41,89,225

**[F] OPENING AND CLOSING STOCKS**

Class of Goods	Opening Stock				Closing Stock			
	As at 01.04.2008		As at 01.04.2007		As at 31.03.2009		As at 31.03.2008	
	QTY[MT]	Value(Rs)	QTY[MT]	Value(Rs)	QTY[MT]	Value(Rs)	QTY[MT]	Value(Rs)
<b>1) Finished Goods</b>								
a) Sponge Iron	4079.217	104074888	6,498.275	9,98,75,472	6905.78	96680948	4,079.217	10,40,74,888
b) Ferro Alloys								
Ferro Chrome	37.511	1787752	13.833	7,99,914	128.516	5783220	37.511	17,87,752
Silico Manganese	216.044	8144631	361.380	1,70,45,780	80.985	3644325	216.044	81,44,631
Others	277.755	11902153	313.840	1,58,62,591	31.955	1437975	277.755	1,19,02,153
c) Rolling Mill								
M. S Angle	0.000	0	454.453	1,20,69,638	0.000	0	0.000	0
Others	53.605	1557866	593.338	1,50,34,294	3966.065	18538290	53.605	15,57,866
<b>2) Waste Products</b>								
Burnt Coal	11372.434	15921408	17,132.382	2,99,81,669	14815.166	21363470	11,372.434	1,59,21,408
Iron Ore Fines	30257.790	55976912	19,028.540	5,70,85,620	42622.340	134622235	30,257.790	5,59,76,912
Coal Fines	82.018	295265	4,964.313	1,60,34,731	547.063	1986533	82.018	2,95,265
<b>TOTAL:</b>	<b>46376.374</b>	<b>199660875</b>	<b>49,360.354</b>	<b>26,37,89,709</b>	<b>69097.872</b>	<b>28,40,56,996</b>	<b>46,376.374</b>	<b>19,96,60,875</b>



**[G] RAW MATERIAL CONSUMED (Excluding trading goods & Captive Consumption)**

Class of Goods	2008-09		2007- 08	
	QTY[MT]	Value(Rupees)	QTY[MT]	Value(Rupees)
<b>RAW MATERIAL</b>				
<b>A) Sponge Iron</b>				
Iron Ore / Iron Ore Pellates	1,63,074.970	1,01,20,67,633	1,94,687.460	1,00,75,02,663
Steam Coal	78,321.830	62,32,02,757	1,82,395.658	51,97,63,031
Others	10,892.093	5,63,57,165	20,500.340	29,06,803
<b>B) Rolling Mill</b>				
M S Billets, M S Ingots & Others	1508.14	3,42,344	4,064.458	2,52,45,891
<b>C) Ferro Alloys</b>				
Chrome Ore	39786.785	74,14,17,761	28,900.058	34,39,34,502
Manganese Ore	17484.877	30,31,913	30,838.340	23,67,38,023
Others	28,434.243	21,98,18,168	41,074.309	22,59,75,181
<b>TOTAL :-</b>	<b>339,502.938</b>	<b>2,656,237,740</b>	<b>5,02,460.623</b>	<b>2,36,20,66,094</b>

**[H] PARTICULARS OF TRADING GOODS**

Particulars	Unit	Opening Stock		Purchase		Turn Over		Closing Stock	
		QTY	VALUE (Rupees)	QTY	VALUE (Rupees)	QTY	VALUE (Rupees)	QTY	VALUE (Rupees)
Iron Ore	MT	0.000	0	43.000	112758	43.000	238280	0.00	0
PowerMW	MW	0.000	0	76.000	713290	76.000	713290	0.00	0
<b>TOTAL:-</b>		<b>0.000</b>	<b>0</b>	<b>119.000</b>	<b>826048</b>	<b>119.000</b>	<b>951570</b>	<b>0.00</b>	<b>0</b>
<b>Previous Year</b>		<b>0.000</b>	<b>0</b>	<b>7095.308</b>	<b>21231716</b>	<b>7095.308</b>	<b>20160236</b>	<b>0.00</b>	<b>0</b>



**[I] Value of Imported And Indigenous - Materials, Stores And Spare Parts Consumed And Percentage Thereof.**

**[1] MANUFACTURING ACTIVITY**

Raw Materials	2008-09		2007-08	
	Value (Rupees)	(%)	Value (Rupees)	(%)
a) Imported	13,07,04,706	4.92	23,42,47,759	9.92
b) Indigenous	2,52,55,33,034	95.08	2,12,78,18,335	90.08
<b>TOTAL:-</b>	<b>2,65,62,37,740</b>	<b>100.00</b>	<b>2,36,20,66,094</b>	<b>100.00</b>

**[2] TRADING ACTIVITY**

Value of Imported and Indigenous Trading goods Purchased & their Percentage of total Consumption.

Particulars	2008-2009		2007-08	
	Value(Rupees)	(%)	Value(Rupees)	(%)
a) Imported	-	-	-	-
b) Indigenous	8,26,048	100.00	2,12,31,716	100.00
<b>TOTAL :-</b>	<b>8,26,048</b>	<b>100.00</b>	<b>2,12,31,716</b>	<b>100.00</b>

**[3] STORES CONSUMED**

Stores & Spare parts.	2008-09		2007-08	
	Value(Rupees)	(%)	Value(Rupees)	(%)
a) Imported	-	-	2,79,562	0.54
b) Indigenous	10,47,45,745	100.00	9,82,70,515	99.46
<b>TOTAL :-</b>	<b>10,47,45,745</b>	<b>100.00</b>	<b>9,85,80,077</b>	<b>100.00</b>

**[J] CIF VALUE OF IMPORTS**

	2008-09	2007-08
i) Raw Materials	13,07,04,706	23,42,47,759
ii) Stores & Spares	-	2,79,562

**[K]** Expenditure in Foreign Currency - 2,47,308

**[L]** Earning in Foreign Exchange - -

**[M]** Amount remitted during the year in Foreign currency in respect of Dividend - -

23. Previous year's figures have been re-grouped / rearranged wherever necessary so as to confirm to current year's groupings.

24. Information required in terms of part IV to Schedule VI to the Companies Act, 1956 is attached. Signature to Schedule 1 to 19

As per our report of attached to the Balance Sheet

For S.A.L. STEEL LIMITED

For, Parikh & Majmudar  
Chartered Accountants

For, Talati & Talati  
Chartered Accountants

**Shri Rajendra V. Shah** Chairman  
**Dr. K. C. Thatoi** Managing Director  
**Shri Sujal A. Shah** Director (Purchase)  
**Shri B. M. Singhal** Director  
**Shri Anilkumar Pandya** Director

**Hiten Parikh**  
Partner  
M. No 40230

**Umesh Talati**  
Partner  
M. No 34834

Place:- Ahmedabad  
Date :-27/06/2009





**SAL STEEL LIMITED**

**Registered Office : 5/1,Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380 006.**

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*	Master Folio No.
Client Id*	

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Shares (s) held:

I/We hereby record my/our presence at the **6th ANNUAL GENERAL MEETING** of the Company held on Thursday, 24th September, 2009 at 10.00 A.M. at Rajpath Club Limited, S.G.Highway, Ahmedabad - 380 054.

Signature of the shareholder or proxy

\*Applicable for investors holding shares in electronic form.

**SAL STEEL LIMITED**

**Registered Office : 5/1,Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380 006.**

**PROXY FORM**

DP Id*	Master Folio No.
Client Id*	

I/We \_\_\_\_\_ of \_\_\_\_\_

\_\_\_\_\_ being a member/members of SAL Steel Limited hereby

appoint \_\_\_\_\_ of \_\_\_\_\_

of or falling him/her \_\_\_\_\_ of \_\_\_\_\_

of or falling him/her \_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me/us and on my/our behalf at the **6th Annual General Meeting** to be held on Thursday, the 24th September, 2009 at 10.00 A.M. at Rajpath Club Limited, S. G. Highway, Ahmedabad - 380 054 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009



\* Applicable for investors holding shares in electronic form.

**NOTES :**

1. The proxy in or to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.