



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 yera	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 Tejpai 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 31st 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 31st 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 31st 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 31st 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 31st 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 31st 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 31st 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:- 27th June, 2009

K. C. Thatoi
Managing Director