

**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CODE OF 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	6	6	1	1	Nil	Yes
Shri K.C.Thotai	Managing Director	6	6	Nil	Nil	Nil	No
Shri Sujal A. Shah	Non Promoter Executive Director	6	6	Nil	Nil	Nil	Yes
Shri Suresh D. Shah*	Non Promoter Executive Director	6	3	Nil	Nil	Nil	No
Shri Babulal M. Singhal	Non Promoter Executive Director	6	6	Nil	Nil	Nil	No
Shri AnilkumarPandya	Non Promoter Executive Director	6	6	Nil	Nil	Nil	No
Shri Ambalal C. Patel	Non-Executive & Independent	6	5	12	4	2	YES
Shri Tejpal S. Shah	Non-Executive & Independent	6	3	1	Nil	Nil	No.
Shri Harshad Shah	Non-Executive & Independent	6	3	1	1	Nil	No.
Shri Jethalal M. Shah	Non-Executive & Independent	6	5	Nil	Nil	Nil	No.
Shri Piyush Chandrana**	Non Promoter Executive Director	6	2	Nil	Nil	Nil	No.

\* Resigned on 31/10/2009

\*\* Appointed on 31/10/2009



### 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, 2010, Six Board Meetings were held on 25/04/2009, 27/06/2009, 29/07/2009, 31/10/2009, 29/01/2010 and 12/02/2010. 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 Committees 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	Member	Independent Non Executive	4	4
Shri Harshad M. Shah	Member	Independent Non executive	4	3
Shri Jethabhai M. Shah	Chairman	Independent Non executive	4	4

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 as per recommendations of the Remuneration Committee.

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, 2010.**

<b>NAME OF THE DIRECTOR</b>	<b>REMUNERATION</b>	<b>SITTING FEES</b>	<b>TOTAL</b>
Shri Rajendra V. Shah	NIL	NIL	NIL
Shri K. C. Thatoi	1800000	NIL	1800000
Shri Sujal A. Shah	120000	NIL	120000
Shri Suresh D. Shah*	463884	NIL	463884
Shri Babulal M. Singhal	444000	NIL	444000
Shri Ambalal C. Patel	NIL	6750	6750
Shri Harshad Shah	NIL	4500	4500
Shri Jethabhai M. Shah	NIL	6750	6750
Shri Tejpal S. Shah	NIL	2250	2250
Shri Anilkumar Pandya	410640	NIL	410640
Shri Piyush Chandarana**	250000	NIL	250000

\* Resigned on 31/10/2009 \*\* Appointed on 31/10/2009

**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 were replied to satisfaction of shareholders during the year under review. There were no outstanding complaints as on 31<sup>st</sup> March, 2010.

**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:**

<b>AGM/EGM</b>	<b>YEAR</b>	<b>LOCATION</b>	<b>DATE</b>	<b>TIME</b>
AGM	2006-07	Rajpath Club Limited, S.G.Highway Ahmedabad - 380 054	September 24, 2007	9.30 A.M.
AGM	2007-08	Rajpath Club Limited, S.G.Highway Ahmedabad - 380 054	September 24, 2008	9.30 A.M.
AGM	2008-09	Rajpath Club Limited S.G.Highway, Ahmedabad 380 054	September 24, 2009	10.00 A.M.
EGM	2009-10	SAL Institute & Engineering Research Opp. Science City Ahmedabad 380 060	March 15, 2010	9.30 A.M.



**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' 2009 to March' 2010 on the National Stock Exchange of India (NSE), Mumbai:

Month	High	Low
April' 2009	9.00	6.05
May' 2009	14.25	7.20
June' 2009	16.70	9.70
July' 2009	11.60	8.60
August' 2009	10.75	9.10
September' 2009	12.90	10.40
October' 2009	11.80	8.60
November' 2009	11.85	8.50
December' 2009	16.65	9.55
January' 2010	18.10	11.45
February' 2010	13.50	10.60
March' 2010	13.05	11.00

**11.7 Shareholding pattern as on 31<sup>st</sup> March, 2010**

Sr. No.	Particulars	No. of Shares	% of total
1	INDIAN PROMOTERS	42959889	50.56%
2	RESIDENT INDIVIDUALS	29491039	34.71%
3	BODIES CORPORATES	12211098	14.37%
4	CLEARING MEMBERS	46229	0.06
5	NON RESIDENT INDIANS	258445	0.30%
		84966700	100.00%



### 11.8 Distribution of shareholding as on 31<sup>st</sup> March, 2010

Shareholding (Range)	No. of Shares	%	No. of Members	%
Upto 5000	20403494	24.01%	36009	98.01
5001 – 10000	3096322	3.65%	412	1.12
10001 – 20000	2513062	2.96%	173	0.47
20001 – 30000	1412864	1.66%	56	0.15
30001 – 40000	580115	0.68%	17	0.04
40001 – 50000	1111849	1.31%	24	0.07
50001 – 100000	1803609	2.12%	25	0.07
100001 & Above	54045385	63.61%	26	0.07
Total	84966700	100.00%	36742	100.00%

**11.9 Dematerialised Shares:** 99.70% Shares of the Company are in Dematerialization mode, as on 31-03-2010.

**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:





**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:22-07-2010

**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, 2010 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, 2010 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.

**PLACE : AHMEDABAD**  
**DATE : 22<sup>nd</sup> July 2010**

**For TALATI & TALATI**  
Chartered Accountants  
**(Firm Reg. No. : 110758W)**

**Umesh Talati**  
**Partner**  
**Membership No: 034834**





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

I, K. C. Thatoi, Managing Director of S.A.L. 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, 2010 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:- 22<sup>nd</sup> July, 2010

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