



1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :

Corporate Governance is a set of systems and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholders aspirations and expectations. The Company will continue to focus its resources, strengths and strategies for enhancement of the long term shareholders' value while at the same time protecting the interest of other stakeholders.

2. BOARD OF DIRECTORS :

COMPOSITION AND CATEGORY

The composition of the Board of Directors of the Company represents an appropriate mix of executive and non-executive directors to ensure the independence of the Board and to separate the board functions of governance and management.

The Board currently comprises of Five Executive Directors (including Managing Director) and Seven 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.

BOARD PROCEDURE

The Board meets atleast once in 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 31st, 2012, Seven Board Meetings were held respectively on 11/05/2011, 04/07/2011, 23/07/2011, 06/08/2011, 12/11/2011, 06/12/2011 and 03/02/2012. The gap between two Board Meetings did not exceed four months.



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 Director	Category	No. of Board Meetings attended during the year	Whether attended last AGM	No. of other Directorship held	Committee * Membership held in other Companies	
					As Member	As Chairperson
Shri Rajendra V.Shah	Non Executive Promoter Chairman	7	Yes	1	1	Nil
Shri K.C.Thatoi	Managing Director	7	No	Nil	Nil	Nil
Shri Sujal A. Shah	Non Promoter Executive Director	7	Yes	Nil	Nil	Nil
Shri Babulal M. Singhal	Non Promoter Executive Director	7	No	Nil	Nil	Nil
Shri Anilkumar Pandya	Non Promoter Executive Director	7	No	Nil	Nil	Nil
Shri Piyush R. Chandarana	Non Promoter Executive Director	6	No	Nil	Nil	Nil
Shri Ambalal C. Patel	Independent & Non Executive Director	7	Yes	11	6	2
Shri Tejpal S. Shah	Independent & Non Executive Director	5	No	1	Nil	Nil
Shri Harshad M. Shah	Independent & Non Executive Director	5	No	1	Nil	Nil
Shri Jethalal M. Shah	Independent & Non Executive Director	7	No	Nil	Nil	Nil
Shri Shrikant N. Jhaveri**	Independent & Non Executive Director	7	Yes	1	Nil	Nil
Shri Bhaskar Ghosh***	Independent & Non Executive Director	Nil	No	1	Nil	Nil

* Committee includes Audit Committee and Shareholders'/Investors Grievance Committee only.

** Appointed as Additional Director of the Company w.e.f 11.05.2011.

*** Appointed as Additional Director of the Company w.e.f 04.07.2011.

3. COMMITTEES OF THE BOARD

AUDIT COMMITTEE:

The terms of reference of the Audit Committee are wide enough to cover 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 four non-executive Directors all of whom are Independent Directors.

During the period under review, five Audit Committee meetings were held respectively on 11/5/2011, 23/07/2011, 06/08/2011, 12/11/2011 and 03/02/2012.



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

Name of Director	Position	No. of Meetings	Meetings attended
Shri Jethabhai M. Shah	Chairman	5	5
Shri Ambalal C. Patel	Member	5	5
Shri Harshad M. Shah	Member	5	4
Shri Shrikant N. Jhaveri	Member	5	3

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company.

REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three independent Non-executive directors viz. Shri Jethabhai M Shah – Chairman, Shri Ambalal C Patel and Shri Harshad M Shah.

The remuneration committee has been constituted to recommend/review the remuneration package of the Managing/ Whole Time Directors based on performance and defined criteria.

DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2011-12

(Amt in ₹)

NAME OF DIRECTOR	TERMS	REMUNERATION	SITTING FEES	TOTAL
Shri Rajendra V. Shah	Not liable to retire by rotation	Nil	Nil	NIL
Shri K.C. Thatoi	Retirement by rotation	3297594	Nil	3297594
Shri Sujal A. Shah	Retirement by rotation	399897	Nil	399897
Shri Babulal M. Singhal	Retirement by rotation	428728	Nil	428728
Shri Anilkumar Pandya	Retirement by rotation	447424	Nil	447424
Shri Piyush R. Chandarana	Retirement by rotation	575314	Nil	575314
Shri Ambalal C. Patel	Retirement by rotation	Nil	60000	60000
Shri Tejpal S. Shah	Retirement by rotation	Nil	25000	25000
Shri Harshad M. Shah	Retirement by rotation	Nil	45000	45000
Shri Jethalal M. Shah	Retirement by rotation	Nil	60000	60000
Shri Shrikant N. Jhaveri	Retirement by rotation	Nil	50000	50000
Shri Bhaskar Ghosh	Retirement by rotation	Nil	Nil	Nil

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

Shri Ambalal C Patel– Chairman, Shri Jethabhai M Shah and Shri Harshad M Shah are members of the Committee. The Committee is empowered to oversee the redressal of Investors' complaints and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

During the year under review, all shareholders complaint received either by Registrar & Share Transfer Agent or the Company were satisfactorily replied and resolved. There were no outstanding complaints as on 31st March, 2012.

4. GENERAL BODY MEETING

- Date, Time and Venue of the last three Annual General Meetings:**

Year	Date	Time	Venue
2010-11	September 24 th , 2011	10.00 A.M	SAL Institute & Engineering Research,Opp. Science City, Ahmedabad 380 060
2009-10	September 24 th , 2010.	10.00 A.M	SAL Institute & Engineering Research,Opp. Science City, Ahmedabad 380 060
2008-09	September 24 th , 2009.	10.00 A.M	Rajpath Club Limited, S.G Highway, Ahmedabad – 380 054



- **Date, Time, Venue and Resolutions passed in Extra-ordinary General Meetings of the Company held during the year 2011-12:**

Year	Date & Time	Venue	Subject matter & Type of Resolution passed
2011-12	January 5 th , 2012, 10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	Special Resolution passed to approve preferential allotment of Convertible Warrants to Strategic Investors and Promoter Group Company.
2011-12	April 25 th , 2011. (Adjourned EGM)	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	Special Resolution passed approving preferential allotment of Equity Shares & Convertible Warrants to Strategic Investors and Promoter Group Company.
2011-12	April 1 st , 2011, 10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060	Ordinary Resolution passed to increase the Authorised Share Capital of the Company from 110 Crores to Rs. 140 Crores.

During the year ended 31st March, 2012, no resolution was passed by the Company's shareholders through Postal Ballot pursuant to provisions of section 192A of the Companies Act, 1956.

5. DISCLOSURES

RELATED PARTY TRANSACTIONS:

No materially significant related party transaction that may have potential conflict with the interests of the Company at large have been entered into.

NON COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES:

The Company has complied with the requirements of the Stock Exchange/SEBI/any statutory authorities on all matters related to capital markets. There are no penalties or strictures imposed on the Company by Stock Exchange or SEBI.

6. CODE OF CONDUCT

The Company has its Code of Conduct which is applicable to Board of Directors as well as designated senior management personnel. The Code is circulated to all the members of the Board and management personnel and the compliance of the same is affirmed by them annually. An annual declaration of Managing Director, as to compliance of Code of Conduct has been provided in the Annual Report.

7. CERTIFICATE ON CORPORATE GOVERNANCE

As required under Clause 49 of Listing Agreement, Certificate is provided in the Annual Report.

8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This is given as a separate section in this Annual Report.

9. CERTIFICATION

As required by clause 49 of the Listing Agreement, certification on financial statements is provided in the Annual Report.

10. COMPLIANCE WITH CLAUSE 49

Company is fully committed to the compliance of applicable mandatory requirement of Clause 49 of the Listing Agreement as amended from time to time. The company submits quarterly Compliance Report to BSE & NSE in respect of compliance of Clause 49 of the Listing Agreement

11. MEANS OF COMMUNICATION

- All financial results are immediately sent to stock exchanges after being taken on record by the Board.
- As per the requirements of Listing Agreement, Results are also published in leading daily local & English National newspapers namely Indian Express and Financial Express. The said results are also displayed at Company's web site
- The Company's website www.salsteel.co.in contains a separate dedicated section named "Investors" where information for shareholders is available. Press releases, if any, are also displayed at Company's website as well as published in newspapers.

12. PARTICULARS OF COST AUDITOR, AND FILING OF COST AUDIT REPORT.

Pursuant to Central Government's Order dated 3rd May 2011, Company had appointed M/s Ashish S. Bhavsar & Co. as Cost Auditor, for auditing cost accounting records of the Company relating to financial year 2011-12. As per revised Companies (Cost Audit Report) Rules, 2011, cost auditor is required to submit in prescribed form, his report along with observations and suggestions, and Annexure to the Central Government and to the Company within 180 days from the close of the financial year. The Cost Audit Report relating to financial year 2011-12 shall be submitted in due course of time.



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13. GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS

The Company is registered in the State of Gujarat having Corporate Identification Number (CIN) as allotted by Ministry of Corporate Affairs (MCA) as L29199GJ2003PLC043148.

a) Annual General Meeting.

Date : 24th September, 2012

Time : 10.00 A.M.

Venue : SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060.

b) Financial Calendar for 2011-12 (Tentative)

For accounting and financial reporting purpose, Company follows Financial Year which starts from 1st April each year and ends on 31st March of every succeeding year.

The Quarterly Results for the financial year 2012-13 will be taken on record by the Board of Directors as per the following schedule:

Quarter ending 30th June 2012 : By 14th August 2012

Quarter ending 30th September 2012 : By 14th November 2012

Quarter ending 31st December 2012 : By 14th February 2013

Quarter ending 31st March 2013 : By 30th May' 2013

c) **Date of Book Closure / Record Date** : 17-09-2012 to 24-09-2012 (Both days inclusive)

d) **Dividend Payment Date** : Not Applicable

e) **Listing on Stock Exchange** : **Bombay Stock Exchange Ltd. (BSE)**
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai – 400001
Scrip Code: 532604

National Stock Exchange of India Ltd (NSE)
"Exchange Plaza", Bandra Kurla Complex, Bandra (E), Mumbai – 400051
NSE SYMBOL: SALSTEEL

Demat ISIN No. for NSDL and CDSL : INE658G01014

f) Listing Fees to Stock Exchanges

Company has paid listing fees in respect of financial year 2012-2013 to the Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

g) Custodial Fees to Depositories

Company has paid Custodian Fees for the financial year 2012-13 to both depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

h) Share Price Data

(₹ per share)

Month	SSL Price at BSE		SSL Price at NSE	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
Apr' 11	8.89	7.56	14.45	11.85
May' 11	7.94	6.66	15.20	11.75
June' 11	7.84	6.50	14.20	11.70
July' 11	7.50	6.51	13.60	11.70
Aug' 11	6.80	4.60	12.45	8.80
Sept' 11	6.50	5.04	13.00	8.55
Oct' 11	6.39	5.20	11.55	9.00
Nov' 11	6.40	5.10	10.85	9.00
Dec' 11	5.50	4.06	9.35	5.70
Jan' 12	6.45	4.55	8.00	5.85
Feb' 12	5.90	5.11	8.75	7.05
Mar' 12	5.65	4.30	8.70	6.40

i) Shareholding pattern as on 31st March, 2012

Sr. No.	Particulars	No. of Shares of ₹ 10/- each	% holding
1	Indian Promoters	42959889	50.56%
2	Resident Individuals	29119171	34.27%
3	Bodies Corporates	10785178	12.69%
4	Banks	5000	0.0058%
5	HUF	1784698	2.10%
6	Non Resident Indians	273212	0.32%
7	Clearing Members	39552	0.05%
	Total	84966700	100.00%

j) Distribution of shareholding as on 31st March, 2012

Shareholding (Range)	No. of Shares	%	No. of Members	%
Upto 5000	6291741	7.40	24391	71.55
5001 - 10000	4544420	5.35	5096	14.95
10001 - 20000	3720018	4.38	2282	6.69
20001 - 30000	2098052	2.47	793	2.33
30001 - 40000	1289325	1.52	352	1.03
40001 - 50000	1823115	2.15	380	1.11
50001 - 100000	3319514	3.91	444	1.30
100001 & ABOVE	61880515	72.83	351	1.03
Total	84966700	100.00%	34089	100.00%

k) Dematerialisation of Shares and Liquidity

On March 31st 2012, nearly 99.94% of the shareholders of Company were holding Company's shares in demat form. In the same way, Promoters & Promoters-group shareholding was also fully dematerialized. Also, the aggregate dematerialized shareholding of the Company stood at 99.72% of the total no. of shares. Brief position of Company's dematerialized shares is given below:

S. No.	Description	No. of Holders	Shares	% holding
1	NSDL	22865	57973374	68.23
2	CDSL	11202	26755593	31.49
3	PHYSICAL	22	237733	0.28
	Total	34089	84966700	100%

l) Share Transfer System

All transfers of shares held in physical form are dealt by our Registrar and Share Transfer Agents. Presently the share transfers received in physical form are processed and registered within 25 days from the date of receipt subject to the documents being valid and complete in all respects. Depositories control share transfers in Demat Mode. The Company obtains from a Company Secretary in Practice half yearly certificate of compliance in respect of compliance with share transfer formalities as required under Clause 47(c) of the Listing Agreement with Stock Exchanges and files a copy of the certificate with the stock exchanges.

m) Reconciliation of Share Capital Audit Report

As stipulated by Securities and Exchange Board of India, Company is required to carry out Reconciliation of Share Capital Audit (RSCA) from a practicing Company Secretary. This audit is carried out every quarter and the report thereon of Practicing Company Secretary is submitted to the stock exchanges. The audit, inter alia, confirms that the total listed and paid-up capital



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of the company is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total number of shares in physical form.

n) Plant Location:

The Company's plant is located at:

- Survey No. 245; Village Bharapar, Tal. Gandhidham, District: Kutch, Gujarat

o) Registered & Administrative Offices:

Registered Office

5/1, Shreeji House,
Behind M. J. Library, Ashram Road
Ahmedabad - 380006 Gujarat.

Administrative Office:

SAL Corporate House,
Sola-Kalol Road, Village Santej,
District: Gandhinagar, Gujarat – 382 721

p) Address for Investor Correspondence:

Shri Saurabh Madaan, Company Secretary, heads the Corporate Secretarial Department of the Company. In case any problem or query shareholders can contact at:

Address : SAL Corporate House, Sola-Kalol Road, Santej, Dist. Gandhinagar, Gujarat 382 721

Phone : 91-02764-661100/11

Fax : 91-02764-661110

Email : sal.investor@salsteel.co.in

Shareholders may also contact Company's Registrar & Share Transfer Agent at:

Name : Karvy Computershare Private Limited

Address : Plot no.17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad, - 500 081.

Phone : 91-040-44655000

Fax : 91-040-23420859

Email : mailmanager@karvy.com

Website : www.karvycomputershare.com

Annexure to Corporate Governance Report

DECLARATION REGARDING COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL

I hereby declare 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.

Place : Santej

Date : 30th June 2012

K. C. Thatoi

Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

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, 2012 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 review of 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.

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.

We state that no major of investor grievances are pending for period exceeding one month against the Company, as per the records maintained by the Shareholders/ Investors Grievance Committee and certified by the Company.

On the basis of our review and according to the information and explanations provided to us, the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement(s) with the Stock Exchange have been complied with in all material respect by the Company.

For, K.K.Patel & Associates

Sd/-

Kiran Kumar Patel

Proprietor

CP No. 6352

Place : Gandhinagar

Date : 30th June 2012

**CERTIFICATION**

(Pursuant to Clause 49 V of Listing Agreement)

To
The Board of Directors
I hereby certify that:

- a. I have reviewed Financial Statements and the Cash Flow Statement for the year ended **31st March 2012** and that to the best of my knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of my knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. I have indicated to the auditors and the Audit committee –
 - i. significant changes in internal control over financial reporting during the year;
 - ii. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For S.A.L Steel Limited

Place : Santej
Date : 30th June 2012

Sd/-
K. C. Thatoi
Managing Director