



CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CORPORATE 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 Four Executive Directors 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 31, 2013, Five Board Meetings were held respectively on 15/05/2012, 30/06/2012, 14/08/2012, 05/11/2012 and 09/02/2013. 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 Directorships held	Committee** Memberships held in other Companies	
					as member	as Chairman
Shri Rajendra V.Shah	Non Executive Promoter Chairman	5	Yes	1	1	Nil
Shri K.C.Thatoi*	Managing Director	4	No	Nil	Nil	Nil
Shri Sujal A. Shah	Non Promoter Executive Director	5	Yes	Nil	Nil	Nil
Shri Babulal M. Singhal	Non Promoter Executive Director	5	No	Nil	Nil	Nil
Shri Anilkumar Pandya	Non Promoter Executive Director	5	No	Nil	Nil	Nil
Shri Piyush R. Chandarana	Non Promoter Executive Director	3	No	Nil	Nil	Nil
Shri Ambalal C. Patel	Independent & Non Executive Director	5	Yes	10	6	2
Shri Tejpal S. Shah	Independent & Non Executive Director	5	No	1	2	Nil
Shri Harshad M. Shah	Independent & Non Executive Director	5	No	1	Nil	Nil
Shri Jethalal M. Shah	Independent & Non Executive Director	5	Yes	Nil	Nil	Nil
Shri Shrikant N. Jhaveri	Independent & Non Executive Director	5	Yes	Nil	Nil	Nil
Shri Bhaskar Ghosh	Independent & Non Executive Director	Nil	No	1	Nil	Nil

* Dr K C Thatoi has resigned from position of Managing Director w.e.f. 30.04.2013.

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

**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 15/05/2012, 30/06/2012, 14/08/2012, 05/11/2012 and 09/02/2013.

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	5
Shri Shrikant N. Jhaveri	Member	5	5

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 2012-13**(Amount in ₹)**

Name of Director	Terms	Remuneration	Sitting Fees	Total
Shri Rajendra V. Shah	Not liable to retire by rotation	Nil	Nil	NIL
Dr. K C Thatoi*	Retirement by rotation	39,43,547	Nil	39,43,547
Shri Sujal A. Shah	Retirement by rotation	4,32,000	Nil	4,32,000
Shri Babulal M. Singhal	Retirement by rotation	5,09,698	Nil	5,09,698
Shri Anilkumar Pandya	Retirement by rotation	4,70,640	Nil	4,70,640
Shri Piyush R. Chandarana	Retirement by rotation	6,00,000	Nil	6,00,000
Shri Ambalal C. Patel	Retirement by rotation	Nil	50,000	50,000
Shri Tejpal S. Shah	Retirement by rotation	Nil	25,000	25,000
Shri Harshad M. Shah	Retirement by rotation	Nil	50,000	50,000
Shri Jethalal M. Shah	Retirement by rotation	Nil	50,000	50,000
Shri Shrikant N. Jhaveri	Retirement by rotation	Nil	50,000	50,000
Shri Bhaskar Ghosh	Retirement by rotation	Nil	Nil	Nil

* Dr. K C Thatoi has resigned from the position of Managing Director w.e.f. 30.04.2013

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.

Name and designation of Compliance Officer :

Mr. Hardik Modi, Company Secretary

No. of shareholders' complaints received during the year : 2 Complaints

No. of complaints not resolved to the satisfaction of shareholders : Nil

No. of pending Complaints : Nil



4. GENERAL BODY MEETING

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

Year	Date	Time	Venue
2011-12	September 24 th , 2012	10.00 A.M	SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060
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

During the year ended 31st March, 2013, no resolution was passed by the Company's shareholders through Postal Ballot pursuant to provisions of section 192A of the Companies Act, 1956.

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.

5. 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 Executive Director, as to compliance of Code of Conduct has been provided in the Annual Report.

6. CERTIFICATE ON CORPORATE GOVERNANCE

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

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

8. CERTIFICATION

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

9. 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.

10. 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.

11. 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, 2013
Time : 10.00 A.M.
Venue : SAL Institute & Engineering Research, Opp. Science City, Ahmedabad-380 060.

b) Financial Year

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 2013-14 will be taken on record by the Board of Directors as per the following schedule :

Quarter ending 30th June 2013 : By 14th August 2013
 Quarter ending 30th September 2013 : By 14th November 2013
 Quarter ending 31st December 2013 : By 14th February 2014
 Quarter ending 31st March 2014 : By 15th May 2014

c) Date of Book Closure / Record Date : 17-09-2013 to 24-09-2013
 (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 2013-2014 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 2013-14 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' 12	5.30	4.25	5.35	4.05
May' 12	4.99	3.70	4.65	3.80
June' 12	4.35	3.35	4.45	3.55
July' 12	4.79	3.72	4.80	3.60
Aug' 12	4.29	3.31	4.40	3.10
Sept' 12	4.18	3.42	4.20	3.35
Oct' 12	4.25	3.60	4.15	3.60
Nov' 12	4.05	3.53	4.30	3.50
Dec' 12	4.10	3.57	4.15	3.60
Jan' 13	4.35	3.17	4.40	3.00
Feb' 13	3.45	2.70	3.70	2.55
Mar' 13	3.25	2.00	3.35	2.00

i) Shareholding pattern as on 31st March, 2013

Sr. No.	Particulars	No. of Shares of ₹ 10/- each	% holding
1	Indian Promoters	42959889	50.56%
2	Resident Individuals	29309688	34.50%
3	Bodies Corporates	10445587	12.29%
4	Banks	5000	0.01%
5	HUF	1909482	2.25%
6	Non Resident Indians	284313	0.33%
7	Clearing Members	52741	0.06%
	Total	84966700	100.00%

j) Distribution of shareholding as on 31st March, 2013

Shareholding (Range)	No. of Shares	%	No. of Members	%
Upto 5000	5963018	7.02	23098	71.00
5001 - 10000	4321835	5.09	4837	14.87
10001 - 20000	3646701	4.29	2234	6.87
20001 - 30000	2104232	2.48	798	2.45
30001 - 40000	1320057	1.55	361	1.11
40001 - 50000	1837132	2.16	384	1.18
50001 - 100000	3411198	4.01	455	1.40
100001 & ABOVE	62362527	73.40	364	1.12
Total	84966700	100.00%	32531	100.00%

k) Dematerialization of Shares and Liquidity

On March 31st 2013, nearly 99.72% 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:

Sr. No.	Description	No. of Holders	Shares	% holding
1	NSDL	21747	57661733	67.86
2	CDSL	10764	27068034	31.86
3	PHYSICAL	20	236933	0.28
	Total	32531	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 prescribed time periods (15) 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 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.



S.A.L. STEEL LIMITED

n) Outstanding warrants or any convertible instruments, conversion date and likely impact on equity

Company has allotted convertible warrants up to ₹ 32/- crores in its Board meeting held on 3rd February, 2012 to the strategic investors on the terms and conditions as are mentioned in the notice convening general meeting dated 5th January, 2012. An amount equal to minimum subscription has been received from the warrant holders against aforesaid allotment. Conversion of the said warrants will be in effect after exercise of option by the warrant holder on or before 2nd August, 2013. After conversion of the said warrants into equity shares, paid up equity share capital will increase up to ₹ 116,96,67000/-.

o) Plant Location

The Company's plant is located at:

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

p) Registered & Administrative Offices

Registered Office:

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

Administrative Office:

S.A.L. Steel Limited
Corporate House, Sola-Kalol Road, Village Santej,
Dist: Gandhinagar, Gujarat – 382721

q) Address for Investor Correspondence

In case any problem or query shareholders can contact at:

Name : Shri Hardik Modi,
Company Secretary and Compliance officer

Address : S.A.L. Steel Limited
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.

For S.A.L. Steel Limited

Place: Santej
Date: 28.05.2013

Sd/-
Anil Kumar Pandya
Director

**CERTIFICATE ON CORPORATE GOVERNANCE**

To
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, 2013 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, 2013 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, K. K. PATEL AND ASSOCIATES

Company Secretaries

Sd/-

Kiran Kumar Patel

Proprietor

CP No. 6352

Place : Gandhinagar

Date : 28.05.2013

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 2013** 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

Sd/-

Anil Kumar Pandya

Director

Place: Santej

Date: 28.05.2013