

**ANNUAL REPORT 2009-10**

**AUDIT COMMITTEE**

1. Mr. Navin Khandelwal- Chairman
2. Mr. Kailashchandra Shahra
3. Mr. Navneet Zalani

**INVESTORS' GRIEVANCE COMMITTEE**

1. Mr. Navin Khandelwal- Chairman
2. Mr. P. Srikrishna
3. Mr. Navneet Zalani

**REGISTERED OFFICE**

621, Tulsiani Chambers  
Nariman Point, Mumbai - 400 021  
Phone : (022) 22025098 Fax : 22025084  
**Website** : www.nsail.com

**AUDITORS**

M/s Manoj Khatri & Company  
Chartered Accountants  
Indore

**BANKERS**

1. State Bank of Indore
2. State Bank of India
3. State Bank of Travancore
4. State Bank of Patiala
5. Bank of Maharashtra
6. United Bank of India
7. Andhra Bank
8. IDBI Bank Ltd.
9. Oriental Bank of Commerce
10. Central Bank of India

**FACTORY**

Village - Sejwaya  
Tehsil - Dhar  
District - Dhar (M.P.)

**BOARD OF DIRECTORS**

1. Mr. Kailashchandra Shahra, Chairman
2. Mr. Santosh Shahra, Managing Director
3. Mr. P. Srikrishna, Whole - time Director
4. Mr. Veer Kumar Jain, Director
5. Mr. Navneet Zalani, Director
6. Mr. Navin Khandelwal, Director
7. Mr. P.D. Nagar, Director (upto 27.07.2009)

**COMPANY SECRETARY**

Mr. Ashok K. Agarwal

**ADMINISTRATIVE OFFICE**

401, Mahakosh House, 7/5 South Tukoganj,  
Nath Mandir Road, Indore - 452 001 (M.P.)  
Phone : (0731) - 2518167-69  
Fax : (0731) - 2516714  
**E-mail** : nsail\_indore@nsail.com

**REGISTRAR & SHARE TRANSFER AGENT**

Sarthak Global Limited  
170/10, R.N.T. Marg, Indore - 452 001 (M.P.)  
Phone : (0731) - 2523545, 2526388  
Fax : (0731) - 2526388  
**E-mail** : seemak@sarthakglobal.com

<b>CONTENTS</b>	<b>PAGE NO.</b>
Directors' Report and Management Discussion & Analysis Report	2
Report on Corporate Governance	7
Auditors' Report	15
Balance Sheet	18
Profit & Loss Account	19
Schedules of Balance Sheet and Profit & Loss Account	20
Notes on Account	27
Cash Flow Statement	36
Balance Sheet Abstract	37
Notice	38

**DIRECTORS' REPORT TO THE SHAREHOLDERS AND  
MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Dear Shareholders,

Your Directors have pleasure to present Twenty Fourth Annual Report on the business and operations of the Company alongwith the Audited Statement of Accounts for the Financial Year ended 31st March, 2010.

**FINANCIAL RESULTS**

**(Rs. in lacs)**

<b>PARTICULARS</b>	<b>Year ended 31.03.2010</b>	<b>Year ended 31.03.2009</b>
Sales and Other Income	<b>2,31,231</b>	2,22,344
Gross Profit / (Loss)	<b>4,523</b>	(7,207)
Depreciation	<b>1,774</b>	1,718
Income / (Expenses) pertaining to earlier years	<b>(17)</b>	(6)
Profit / (Loss) before Taxation	<b>2,732</b>	(8,931)
Provisions for :-		
Income Tax/Adjusted for earlier years (Net)	<b>300</b>	(79)
Deferred Tax	<b>(68)</b>	38
Fringe Benefit Tax	<b>0</b>	18
Profit / (Loss) after Taxation	<b>2,500</b>	(8,908)
Add: Profit b/f from previous year	<b>2,904</b>	12,070
Amount available for appropriation	<b>5,404</b>	3,162
Surplus carried to Balance Sheet	<b>5,146</b>	2,904

**MANAGEMENT DISCUSSION AND ANALYSIS**

Pursuant to Clause 49(IV)(F) of the Listing Agreement, your Directors report as follows :

a) **Industry Structure and Developments**

India's iron and steel industry contributes about 2% of GDP. About 20 Billion dollars to the country's 1 Trillion Dollar economy. India is the 5<sup>th</sup> largest producer of the steel in the world, behind China, Japan, Russia and the USA. India produced 65.46 million tons in 2009-10. About half of the steel industries comprises a large numbers of makers of higher end re-rolled steel with less than one million tons capacity each. India has immense scope for increasing consumption of steel. Current per capita consumption of just under 60 kg is low compared with over 100 kg in Brazil, 250 Kg in China and the global average of 198 kg. Steel demand is expected to rise 5-6% only until 2020.

b) **Opportunities and Threats**

India's growing status as a global small car hub is attracting global steel makers, notably, Japanese, firms like Nippon Steel, JFE, Sumitomo who have entered into joint venture with Tata Steel, JSW Steel and others. With strong growth predicted for auto and housing sectors steel demand is set to grow rapidly. In spite of global steel production, contracting 8% last year as demand shrunk, amidst economic down turn, domestic steel production increased by more than 4% and consumption increased by 8.1%. Indian steel industry has successfully come out of the slow down that affected its performance during the financial year 2009. Globally also there are signs of improvement in economic conditions and firming up of demand and prices. However volatility in prices, shortage of raw material, shorter business cycles have frequently put pressure on the margins.

c) **Segment-wise performance**

The Segments identified by the Company are as under :

- 1) Manufacturing Segment
- 2) Trading Segment

The segmentwise performance in detail is given in Schedule 20 to the audited accounts of the Company.

d) **Out Look**

In the last union budget proposed allocation of over Rs.1735 billion for rural and urban infrastructure development is expected to provide boost to steel demand. The surge in demand for automobile, consumer durables, capital goods and construction is expected to give further fillip for steel sector in near future and your Company is also expected to be benefited.

According to the ministry of steel, India is expected to become second largest producer of crude steel by 2015-16.

The outlook for Agro trade business also expected to be good keeping in view the fairly good monsoon.

e) **Risks and Concerns**

Surging raw material prices is going to be major challenge to the steel Industry. The recent performance of the world economy has largely been due to the fiscal stimulus and the response of the various government for the revival of the industry following global meltdown. The governments are contemplating withdrawal of the fiscal stimulus and introducing the austerity measures to control fiscal deficit. This may put pressure on the industry. Huge problems in euro zone is also affecting the performance of the economy.

Opportunistic price increase by major producers during shortage period creates panic and forces the domestic consumers to opt for imports. Last year imports of steel products increased 23% year on year.

f) **Internal control systems and their adequacy**

The Company has an adequate system of internal control which fosters reliable financial reporting, safeguards assets and encourages adherence to management policies. The management reviews periodically various issues which have a bearing on the performance of the Company. The strategic decision is taken to ensure Company's growth and protect the interest of shareholders.

The Company has well defined Organization Structure, Authority Levels, Internal Rules and Guidelines for conducting business transactions. Internal Audit was conducted on an ongoing basis during the year by Internal Auditors.

The Internal Audit Report and the progress on the implementation of the recommendations by the Internal Auditors were also discussed in the Audit Committee Meetings. Besides this, the Audit Committee of the Board of Directors also ensures proper compliance of applicable Laws, Accounting Standards and Regulatory Guidelines etc.

g) **Discussion on Financial Performance with respect to Operational Performance**

Your Company's top line performance was better than last year. Your Company achieved turnover of Rs. 2303.70 crores as against Rs. 2220.63 crores for the corresponding previous year.

Your Company achieved export turnover of Rs. 45288 lacs as compared to Rs. 69792 lacs.

With the revival of Global economy your Company's bottom line performance was also boosted and it came out of red during the financial year under review. Your Company achieved Profit after tax of Rs. 25.00 crores as against loss of Rs 89.08 crores for the correspondence previous year. Your Directors are confident to improve this performance in the current Financial Year.

h) **Material developments in Human Resources/ Industrial Relations front**

As an employer NSAIL evokes deep sense of security and pride in its employees. Through the years it has provided the right environment for the professionally qualified and skilled manpower to give their best to the growth of the organization. Human Resources Department ensures high level of motivation and commitment among its employees. NSAIL tries to foster a culture in the organization that has at its heart a deep respect for people, their feelings and experiences. A healthy and safe working environment has been a top priority at NSAIL. The Company has total 551 employees.

i) **Material Financial and Commercial Transactions**

There are no materially significant financial and commercial transactions with the related parties conflicting with the interest of the Company during the Financial Year under review. The Promoters, Directors and Senior Management personnel are not dealing in the Equity Shares of the Company.

j) **Cautionary Statement**

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "**forward looking statements**" within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/ supply influencing price conditions in the market in which the Company operates, changes in Government Regulations, Statutes, Tax Laws and other incidental factors.

**DIVIDEND ON PREFERENCE SHARES**

The Board has declared final dividend @ 4% P.A. on 55,01,022 Redeemable Cumulative Preference Shares for the Financial Year 2009-10.

Keeping in mind the need to conserve resources, your Board of Directors does not recommend any dividend on Equity Shares for the year under review.

**CORPORATE GOVERNANCE**

Your Company has been particular in implementing and complying the norms of Corporate Governance. Your Company has been complying all the mandatory requirements of Clause 49 of the Listing Agreement. A detailed report on Corporate Governance alongwith Certificate from Managing Director and Auditors confirming the compliance is annexed hereto and forming part of the Directors' Report.

**DIRECTORS**

In pursuance of Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Shri Navin Khandelwal and Shri Veer Kumar Jain, Directors retires by rotation and being eligible, offer themselves, for reappointment.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed;
- ii) they have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as at 31<sup>st</sup> March, 2010 and of the profit of the Company for the year ended on that date;
- iii) 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 preventing and detecting fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis.

**AUDITORS**

M/s Manoj Khatri & Company, Chartered Accountants retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves, for reappointment. The said Auditors have confirmed that their appointment, if made, shall be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956.

**FIXED DEPOSITS**

Your Company did not accept any deposit from the Public during the year under review.

**INSURANCE**

Your Company's Fixed Assets have been adequately insured.

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**DISCLOSURES OF PARTICULARS**

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure I to this Report.

Additional information regarding the conservation of energy, technology absorption and foreign exchange earnings and outgo, required under Section 217(1)(e) of the Companies Act, 1956 is set out in a separate statement as Annexure II attached to this report and forms part of it.

**ACKNOWLEDGEMENT**

The Board of Directors take this opportunity to express their deep sense of gratitude to the Central, State Government and Local Authorities, Financial Institutions, Banks, Customers, Dealers, Vendors and all the stakeholders for their continued cooperation and support to your Company.

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the successful operations of the Company.

The Board specially thank to the shareholders for their continued confidence and faith in the Company.

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For and on behalf of the Board

Place : Indore  
Date : 29.05.2010

**Kailashchandra Shaha**  
(Chairman)

**Annexure – I**
**STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.**

S. No.	Name of the Employee	Age	Designation	Gross Remuneration (Rs. in lacs)	Qualification	Experience (in years)	Date of commencement of employment	Particular of past employment
1.	Mr. Santosh Shahra	63	Managing Director	84.37	B.E. (Mech), M.S. (USA)	39	01.07.1986	Nutrela Marketing Pvt. Ltd., Mumbai

- Notes :**
1. Remuneration includes salary, allowances and monetary value of taxable perquisites.
  2. Employment of Mr. Santosh Shahra is on contractual basis.
  3. Mr. Santosh Shahra is relative of Mr. Kailashchandra Shahra, Chairman.

For and on behalf of the Board

Place : Indore

Dated : 29.05.2010

**Kailashchandra Shahra**  
(Chairman)
**Annexure – II**
**INFORMATIONS AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS') RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010.**
**A) CONSERVATION OF ENERGY**

NSAIL has an Energy Conservation Cell which constantly monitors all the energy conservation efforts and ensures implementation of its Energy Management Policy. During the year NSAIL has added one more gas based Generator of 2MW to the existing 4MW gas based Generator unit to reduce dependence on Furnace Oil based Generator for own consumption as well as to improve environment. In the process, waste heat recovery units were also added to conserve further. Efforts are put in continuously to conserve energy.

**B) TECHNOLOGY ABSORPTION****1) Research & Development**

Various R&D activities are carried out by Quality Control and Production Department with the help of Maintenance Department to continuously improve processes and quality.

**2) Technology Absorption**

Technical persons of all departments continuously upgrade equipments / introduce new maintenance tools through Technical literature, discussion with suppliers and attending conferences for improvement of process to improve productivity and quality.

**C) FOREIGN CURRENCY EARNINGS AND OUTGO**

The Company has exported its product during the year under review and earned foreign exchange of Rs. 45,288 lacs (Previous Year Rs. 69,792 lacs). The Company has imported certain Components, Spare Parts and Raw Materials. The details of these expenses are as below :

	(Rs. in lacs)	
	31.03.2010	31.03.2009
1. Raw Materials (CIF Value)	42,752.11	20,311.62
2. Plant & Machineries and Consumables	307.01	687.55
3. Traded Goods	33,274.75	24,014.18
4. Expenses towards Travelling, Commission, Interest on Term Loan and Others	745.35	1,709.93
5. Remittance towards Dividend	220.04	220.04
6. Earnings in Foreign Currency	34,213.56	56,647.85

For and on behalf of the Board

Place : Indore

Dated : 29.05.2010

**Kailashchandra Shahra**  
(Chairman)

**REPORT ON CORPORATE GOVERNANCE**

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

**1. Company's Philosophy on Corporate Governance**

Corporate Governance is the mechanism by which the values, principles, policies and procedures of Companies are manifested. Effective Corporate Governance is indispensable to resilient and vibrant capital markets and investor protection rests on this foundation. The core value of Corporate Governance lies in the principles of integrity, fairness, quality, transparency and accountability.

National Steel and Agro Industries Limited (NSAIL) is committed to good Corporate Governance in order to enhance value of its all stakeholders. To achieve the objectives of good Corporate Governance, NSAIL follows the principles of transparency, disclosures, fairness, independent supervision, healthy competition, production of quality products and services, compliance with all relevant laws, rules and regulations and meeting social responsibility. It is believed that good Corporate Governance by NSAIL would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society in NSAIL.

**2. Board of Directors**

The Board of the Company consists of majority of Non-Executive / Independent Directors. The Company has a Non-Executive Chairman. As at 31<sup>st</sup> March 2010, the Board comprises of 6 (Six) Directors. The number of Executive Directors is 2 (Two) and remaining 4 (Four) are Non-Executive Directors including 3 (Three) Independent Directors. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director. The constitution of Board, the attendance at the Board Meetings and last Annual General Meeting (AGM) and the number of Directorships and Committee Memberships held by Directors are given below:

Name of Director with status	Category*	No. of Board Meetings attended during 2009-10	Whether attended AGM held on 30.09.09	No. of Directorships in other Public Companies	No. of Committee positions held in other Public Companies**		No. of shares held in NSAIL as on 31.03.10
					as Chairman	as Member	
Mr. Kailashchandra Shahra (Chairman)	PD & NED	4	Yes	5	1	-	-
Mr. Santosh Shahra (Managing Director)	PD & ED	6	Yes	7	-	1	477352
Mr. P.Srikrishna (Whole-time Director)	ED	6	Yes	-	-	-	-
Mr. P. D. Nagar@	NED & ID	-	No	5	1	2	300
Mr. Navin Khandelwal	NED & ID	6	Yes	5	2	-	-
Mr. Navneet Zalani	NED & ID	7	No	1	-	1	200
Mr. Veer Kumar Jain #	NED & ID	3	No	1	-	2	-

\* PD – Promoter Director; NED – Non-executive Director;  
ED – Executive Director; ID – Independent Director

\*\* Represents Chairmanships/Memberships of Audit Committee and Shareholders'/Investors Grievance Committee.

@ Mr. P.D. Nagar was director of the Company upto 27.07.2009.

# Mr. Veer Kumar Jain was appointed as director of the Company on 27.07.2009.

The Board of Directors met seven times during the Financial Year on following dates:

30.04.2009	30.06.2009	27.07.2009	31.10.2009	30.12.2009	30.01.2010	16.03.2010
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The gap between two meetings did not exceed four months. The Company placed before the Board most of the information specified under Annexure IA of the Listing Agreement from time to time. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

The Company has adopted the code of conduct for all Board members and Senior Management Personnel. The Company has received confirmation from them regarding compliance of the Code during the year under review. The Code is posted on the website of the Company.

### 3. Remuneration of Directors

During the Financial Year 2009-10 the Company did not have any pecuniary relationship or transaction with Non-Executive Directors. The Non-Executive Directors are only paid remuneration by way of Sitting Fees.

Details of remuneration paid / payable to Directors for the year ended March 31, 2010 are as follows:

Directors	Business relationship with NSAIL	Sitting Fees	Salary and perquisites	Total
Mr. Kailashchandra Shahra	Chairman Promoter Director	16,000	Nil	16,000
Mr. Santosh Shahra	Managing Director Promoter Director	N.A.	93,37,324	93,37,324
Mr. P.Srikrishna	Whole - time Director	N.A.	24,06,533	24,06,533
Mr. P.D. Nagar	None	Nil	Nil	Nil
Mr. Navin Khandelwal	None	22,000	Nil	22,000
Mr. Navneet Zalani	None	24,000	Nil	24,000
Mr. Veer Kumar Jain	None	6,000	Nil	6,000

#### Service Contracts, Severance Fees and Notice Period

Period of Contract of Managing Director and Whole-time Director is five years w.e.f. 01.07.2006 and the contract may be terminated by either party by giving six months' and three months' notice respectively. There is no separate provision for payment of severance fees.

### 4. Audit Committee

The constitution of the Audit Committee as at 31<sup>st</sup> March 2010 and the attendance of each member of the Committee during the Financial Year 2009-10 is given below:

During the Financial Year 2009-10, five meetings of the Audit Committee were held, one of which was for review of Annual Accounts. The meetings were held on 29.04.2009, 30.06.2009, 27.07.2009, 31.10.2009 and 29.01.2010. The necessary quorum was present at the meetings.

Name	Status	Category	Profession	No. of Committee Meetings attended
Mr. Navin Khandelwal	Chairman	Non-executive and Independent Director	Chartered Accountants	5
Mr. Kailashchandra Shahra	Member	Non-executive Director	Industrialist	4
Mr. Navneet Zalani	Member	Non-executive and Independent Director	Service	5

Shri Navin Khandelwal, an Independent Director, is the Chairman of the Audit Committee and possesses requisite accounting and financial knowledge.

The minutes of the Audit Committee Meetings are noted by the Board of Directors of the Company at the subsequent Board Meetings. The meetings of Audit Committee are also attended by the Chief Financial Officer (CFO), the Statutory Auditors and the Internal Auditors. The Company Secretary is the Compliance Officer and acts as the Secretary of the Audit Committee.

The terms of reference of the Audit Committee includes the matters specified in Clause 49(II)(D) of the Listing Agreement with the Stock Exchanges and also as required under Section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company.

#### 5. Shareholders' / Investors' Grievance Committee

The constitution of the Shareholders' / Investors' Grievance Committee as at 31<sup>st</sup> March 2010 and the attendance of each member of the Committee during the Financial Year 2009-10 is given below.

During the Financial Year 2009-10, five meetings of the Shareholders' / Investors' Grievance Committee were held on 29.04.2009, 30.06.2009, 27.07.2009, 31.10.2009 and 29.01.2010.

Name	Status	Category	No. of Committee Meetings attended
Mr. Navin Khandelwal	Chairman	Non-executive and Independent Director	5
Mr. P. Srikrishna	Member	Executive Director	5
Mr. Navneet Zalani	Member	Non-executive and Independent Director	5

Mr. Ashok K. Agarwal, the Company Secretary, is the Compliance Officer.

The said Committee looks into the redressal of shareholders' and investors' grievances. The minutes of said Committee Meetings are noted by the Board of Directors of the Company at the subsequent Board Meetings.

#### Share Transfers

All shares have been transferred and returned within one month from the date of receipt so long as the documents have been clear in all respects.

The Share Transfer Committee meets fortnightly.

Total number of shareholders' complaints received during the Financial Year 2009-10 were 13 as per details given in table below and all were solved to the satisfaction of the shareholders.

Nature of Complaints	Complaints received from				Total No. of Complaints
	Shareholders	SEBI	Stock Exchange	D.P./ Depositories	
Non-receipt of Annual Report	8	-	2	-	10
Non-receipt of Share Certificates	2	1	-	-	3
Non-receipt of Dividend Warrants	-	-	-	-	-
Dematerialization & Rematerialization	-	-	-	-	-
<b>Total</b>					<b>13</b>

The complaints were replied to the satisfaction of the shareholders.

Total numbers of physical transfer of shares during the year 2009-10 were 13,685 as compared to 30,527 during the year 2008-09.

## 6. General Body Meetings

The venue and time of General Meetings (AGM & EGM) held during the last three years were as follows:

Date	Time	Venue	Special Resolution(s) passed
28.09.2007 (21 <sup>st</sup> AGM)	10.30 A.M.	Sunville Deluxe Pavilion, Sunville Building, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018	2
30.09.2008 (22 <sup>nd</sup> AGM)	03.00 P.M.	---- do ----	-
30.09.2009 (23 <sup>rd</sup> AGM)	02.00 P.M.	---- do ----	-
03.02.2010 (EGM)	11.00 A.M.	M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2 <sup>nd</sup> Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001	3

The Special Resolution(s) were passed by show of hands. One Ordinary Resolution was passed by postal ballot in AGM dated 30.09.2008.

## 7. Note on Director Appointment / re-appointment

Mr. Navin Khandelwal and Mr. Veer Kumar Jain, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

- a) Mr. Navin Khandelwal, 37 years of age is a practicing chartered accountant since 1997 and a qualified Information System Auditor from The Institute of Chartered Accountants of India (ICAI), New Delhi. He is also visiting faculty in MBA Institutes at Indore. He has an experience of 13 years in field of Management Assurance Services, System Development and ERP implementation. He has conducted several training and development programmes at different places in India for ICAI, ICICI Prudential Life Insurance, IMA etc. His few Articles were also published on Corporate Affairs besides publishing of book on Financial Management.

He is also on board of the following public companies:

S.No.	Company in which Outside Directorship held as on 31.03.2010	Chairman / Member of	
		Audit Committee	Shareholders' / Investors' Grievance Committee
1.	Ruchi Soya Industries Ltd.	---	---
2.	Ruchi Infrastructure Ltd.	---	---
3.	Ruchi Strips and Alloys Ltd.	Chairman	---
4.	Indian Steel Corporation Ltd.	Chairman	---
5.	Indian Steel SEZ Ltd.	---	---

- b) Mr. Veer Kumar Jain, 52 years of age is a practicing Advocate at Indore since the year 1979. He is having 31 years of vast experience and is a leading practitioner in matters of Civil, Criminal, Revenue, Company & Taxation, Constitutional etc. He has been the Standing Counsel for Income Tax Department, Indore. He was also President of High Court Bar Association, Indore and was also nominated by SEBI as public Director of MP Stock Exchange Securities Ltd.

He is also on board of the following public companies:

S.No.	Company in which Outside Directorship held as on 31.03.2010	Chairman / Member of	
		Audit Committee	Shareholders' / Investors' Grievance Committee
1.	Ruchi Strips and Alloys Ltd.	Member	Member

**8. Disclosures**

- No transaction of material nature has been entered into by the Company with Directors and their relatives etc. that may have a substantial conflict with the interest of the Company.
- There has been no instance of non-compliance by the Company on any matter related to Capital Market, hence, the question of penalties been imposed by SEBI or Stock Exchanges does not arise.
- The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.

**9. Secretarial Audit**

A qualified Practicing Company Secretary carried out Secretarial Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and Listed Capital. The audit confirms that the total Issued/ Paid-up Capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**10. Means of Communication**

Subject	Details
Half-yearly Report sent to each household of shareholders	Since Company's Unaudited Quarterly Results including Half Yearly results are submitted to the Stock Exchanges in accordance with the Listing Agreement, published in newspapers and displayed also on Company's website, the same were not sent to each household of shareholders.

**Quarterly Results -**

Which newspaper normally published in	Free Press Journal and Nava Shakti (Mumbai)
Any website, where displayed	<b>www.nsail.com</b>
Whether it also displays official news release and presentations made to institutional investors/analysts.	No such occasion arose during the year
Whether Management Discussion & Analysis is a part of Annual Report	Yes

**11. General Shareholder Information**

- Annual General Meeting :**
  - Date and Time : 21<sup>st</sup> September, 2010 at 10.30 A.M.
  - Venue : M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001
- Financial Calendar**
  - Year ending : March 31
  - AGM : Between July - September
- Date of Book Closure** : 23.08.2010 to 25.08.2010.
- Dividend Payment date** : The Board of Directors has not recommended any dividend on the Equity Shares for the year ended 31<sup>st</sup> March, 2010.
- Listing of Equity Shares on Stock Exchanges and Stock Codes :**

<u>STOCK EXCHANGE</u>	<u>STOCK CODE</u>
National Stock Exchange of India Limited (NSE)	NATNLSTEEL
Bombay Stock Exchange Limited (BSE)	NATSTEEL (513179)

f) **Market Price Data :**

The High & Low price during each month in the last financial year of the Company's share is as under :

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2009	15.45	8.30	13.90	9.00
May 2009	16.25	10.50	16.52	10.05
June 2009	19.95	13.85	19.65	13.95
July 2009	15.50	11.60	15.85	11.54
August 2009	17.45	13.90	17.40	13.53
September 2009	24.45	15.65	24.50	15.55
October 2009	24.95	17.85	24.50	18.00
November 2009	19.75	16.35	19.75	16.40
December 2009	22.60	17.95	22.35	17.75
January 2010	27.00	20.55	26.80	20.05
February 2010	23.10	20.00	22.95	20.10
March 2010	24.90	21.00	24.40	20.65

g) **Registrar and Transfer Agent :**

Sarthak Global Limited, 170/10 R.N.T. Marg, (Film Colony), Indore –452 001 (M.P.)

h) **Distribution of shareholding as on 31<sup>st</sup> March, 2010**

Slab of Shareholding	Shareholders	%	Rs. in lacs	%
1 - 250	19,582	65.08	244.90	7.51
251 - 500	6,289	20.90	244.04	7.49
501 - 1,000	2,569	8.54	209.86	6.44
1,001 - 2,000	851	2.83	132.13	4.05
2,001 - 3,000	245	0.81	64.23	1.97
3,001 - 4,000	99	0.33	36.23	1.11
4,001 - 5,000	109	0.36	52.03	1.60
5,001 - 10,000	162	0.54	122.53	3.76
10,001 and above	184	0.61	2,154.34	66.07
<b>Total</b>	<b>30,090</b>	<b>100.00</b>	<b>3,260.29</b>	<b>100.00</b>

**Categories of Shareholders as on 31<sup>st</sup> March, 2010**

Category	No. of Shares held	% of Shareholding
<b>A. Promoter's holding</b>		
1 Promoters	1,38,12,133	42.36
<b>Sub Total (1)</b>	<b>1,38,12,133</b>	<b>42.36</b>
<b>B. Non Promoter's holding</b>		
2 Institutional Investors		
a. Mutual Funds and UTI	66,600	0.20
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. / Non-Govt. Institutions)	6,44,998	1.98
<b>Sub Total (2)</b>	<b>7,11,598</b>	<b>2.18</b>
3 <b>Others</b>		
a. Private Corporate Bodies	38,88,116	11.93
b. Indian Public	1,33,14,502	40.84
c. NRIs/ Non Resident Incorporated Entities	3,74,052	1.15
d. Clearing Members	89,819	0.28
e. H.U.F.	4,12,722	1.26
<b>Sub Total (3)</b>	<b>1,80,79,211</b>	<b>55.46</b>
<b>Grand Total (1+2+3)</b>	<b>3,26,02,942</b>	<b>100.00</b>

- i) Dematerialisation of shares :**  
1,75,59,129 Equity Shares of the Company representing 53.86% of the Company's Share Capital are dematerialised as on 31<sup>st</sup> March, 2010 as compared to 1,69,51,161 Equity Shares (52% of total number of shares) as on 31<sup>st</sup> March, 2009 with NSDL and CDSL (ISIN Code : INE 088B01015).
- j) Share Transfer System :**  
To expedite the share transfer process in the physical segment, authority has been delegated to the Share Transfer Committee, which comprise of:  
Shri Kailashchandra Shahra : Chairman  
Shri Santosh Shahra : Member  
For administrative convenience and to facilitate speedy approvals, authority has also been delegated to senior executives to approve share transfers. Share transfers/transmissions approved by the Committee and the authorised executives are placed at the Board Meeting from time to time.
- k) Outstanding GDRs/ADRs/Warrant or any convertible instruments : NIL**
- l) Plant Location :** Village Sejwaya, Tehsil Dhar, District Dhar (Madhya Pradesh)
- m) Address for Correspondence :**  
**Administrative Office**  
Mr. Ashok K Agarwal  
Company Secretary  
National Steel and Agro Industries Limited  
401, Mahakosh House, 7/5 South Tukoganj,  
Nath Mandir Road, INDORE – 452 001 (M.P.)  
Phone No. : 0731-2518167-9, 2528133, Direct 0731-4066187  
Fax No. : 0731-2516714  
E-mail : ashok\_agrawal@nsail.com
- n) E-mail ID for the purpose of registering complaints by investors :**  
**investor\_relations@nsail.com**

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**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND  
SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT**

This is to confirm that the Company has adopted NSAIL Code of Conduct for its Directors and Senior Management Personnel. The Codes are posted on the Company's website.

I confirm that the Company has in respect of the Financial Year ended 31<sup>st</sup> March 2010, received from the members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means those who are of the rank of General Manager and above including all functional heads.

Place : Indore  
Date : 29.05.2010

**Santosh Shahra**  
(Managing Director)

### CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We as Chief Executive Officer and Chief Financial Officer of **National Steel and Agro Industries Limited**, certify that :

- a) We have reviewed financial statements and the cash flow statement for the year under review and that to the best of our 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 our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for Financial Reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to Financial Reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee that :
  - i) there are no significant changes in internal control over Financial Reporting during the year;
  - ii) there are no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) there are no frauds of which we are aware, that involves management or other employees who have a significant role in the Company's Internal Control System.

### AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S)

To

The Members of **National Steel and Agro Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by **National Steel and Agro Industries Limited**, for the year ended on 31<sup>st</sup> March, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

Further, we state that no investors' grievances were pending for a period exceeding one month against the Company as per the records maintained by the Investors' 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 **Manoj Khatri & Company**

Chartered Accountants

FRN-011546C

**CA Ashish Jain**

(Partner)

Membership No. 403161

Place : Indore

Dated : 29.05.2010

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**AUDITORS' REPORT TO THE MEMBERS**

1. We have audited the attached Balance Sheet of **NATIONAL STEEL AND AGRO INDUSTRIES LIMITED** as at March 31, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both 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 and 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 and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the 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 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 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 that :
  - i) 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;
  - ii) 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 those books;
  - iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
  - v) on the basis of written representations received from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a Director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956; and
  - vi) 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:
    - (a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at March 31, 2010;
    - (b) in the case of the **Profit and Loss Account**, of the profit for the year ended on that date; and
    - (c) in the case of the **Cash Flow Statement**, of the cash flow for the year ended on that date.

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For **Manoj Khatri & Company**  
Chartered Accountants  
FRN-011546C

Place : Indore  
Dated : 29.05.2010

**CA Ashish Jain**  
(Partner)  
Membership No. 403161

**ANNEXURE TO THE AUDITORS' REPORT**

(Referred to in paragraph (3) of our report of even date)

- 3.1 (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management, in accordance with the programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its Assets. To the best of our knowledge no material discrepancies have been noticed on such verification.
- (c) During the year, in our opinion, no substantial part of fixed assets has been disposed off by the Company.
- 3.2 (a) As explained to us, the inventory of the Company has been physically verified during the year by the management. In respect of materials lying with third parties these have been confirmed by them. In our opinion the frequency of the verification is reasonable.
- (b) According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation of the size of the Company and the 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 and the discrepancies noticed on verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company.
- 3.3 (a) The Company has not taken any loans, secured or unsecured, from the Companies, Firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) Other provisions of the clause are not applicable, hence not commented upon.
- 3.4 In our opinion and according to the information and explanations given to us, there are adequate Internal Control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in Internal Controls.
- 3.5 (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered, if any, in the Register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered, if any, in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupee Five Lacs in respect of any party during the year have been made at prices which are *prima facie* reasonable, having regard to prevailing market prices at the relevant time where such market prices are available.
- 3.6 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- 3.7 The Company has an Internal Audit System which in our opinion is adequate and commensurate with the size of the Company and nature of its business.
- 3.8 We have broadly reviewed the books of account and records in respect of manufacturing of Cold Rolled, GP/GC, Coated Coils/Sheets maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act 1956.

We are of the opinion that *prima facie* the prescribed accounts and records have been maintained. However, we have not made a detailed examination of such accounts and records with a view to determine whether they are accurate or complete.

- 3.9 (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, disputed dues in respect of Sales Tax aggregating to Rs. 45.04 lacs pending before The Dy. Commissioner Commercial Tax (Appeals) pertaining to period 1995-07 and Rs. 19.91 lacs pending before Dy. Commissioner (Appeals) Gaziabad pertaining to period 2005-10. In respect of Entry Tax aggregating to Rs. 50.47 lacs are pending before High court and Dy. Commissioner Commercial Tax (Appeals) pertaining to period 2004-05. Rs. 44.41 lacs are pending before Commissioner of Income Tax (Appeals) Mumbai pertaining to period 2000-04.
- 3.10 The Company does not have accumulated losses. The Company has not incurred cash losses during the Financial Year covered by our audit and there was cash loss in the immediately preceding Financial Year.
- 3.11 In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions and Banks during the year.
- 3.12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures and other Securities.
- 3.13 In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society, therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 3.14 In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other Investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 3.15 In our opinion, the Company has not given any guarantee for the loans taken by the others from Banks or Financial Institutions during the year, the terms and conditions whereof are prejudicial to the interest of the Company.
- 3.16 In our opinion the Term Loans taken by the Company have been applied for the purposes for which the Loans were obtained.
- 3.17 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- 3.18 The Company has not made any preferential allotment of shares, however the Company has issued warrants convertible into shares on preferential basis to promoters and other entities in pursuance of the provisions of the Securities and Exchange Board of India (SEBI) (issue of capital and disclosure requirements) regulations, 2009.
- 3.19 The Company has not issued any Debentures, hence the provisions of Clause 4(xix) are not applicable to the Company.
- 3.20 During the Financial Year, the Company has not raised any money by public issues.
- 3.21 To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Manoj Khatri & Company**  
Chartered Accountants  
FRN-011546C

Place : Indore  
Dated : 29.05.2010

**CA Ashish Jain**  
(Partner)  
Membership No. 403161

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**BALANCE SHEET AS AT 31st MARCH, 2010**


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	Schedule		As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)
<b>SOURCES OF FUNDS</b>				
SHARE HOLDERS' FUNDS				
Share Capital	'01'		9,464.73	8,761.32
Reserves & Surplus	'02'		<u>10,739.38</u>	<u>8,497.16</u>
Total Shareholders' Fund			<b>20,204.11</b>	17,258.48
LOAN FUNDS				
Secured Loans	'03'		22,769.47	17,918.74
Unsecured Loans	'04'		<u>6,090.22</u>	<u>8,144.49</u>
Total Loan Fund			<b>28,859.69</b>	26,063.23
Deferred Tax Liability	'05'		<u>3,453.41</u>	<u>3,521.61</u>
		<b>TOTAL</b>	<u><b>52,517.21</b></u>	<u>46,843.32</u>
<b>APPLICATION OF FUNDS</b>				
FIXED ASSETS				
Gross Block	'06'		37,692.56	38,976.19
Less: Depreciation			<u>18,927.49</u>	<u>18,318.84</u>
			<b>18,765.07</b>	20,657.35
Add : Capital Work in Progress			<u>764.31</u>	<u>276.64</u>
Net Block			<b>19,529.38</b>	20,933.99
INVESTMENTS	'07'		<b>279.40</b>	279.40
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	'08'		41,486.56	31,021.79
Sundry Debtors	'09'		27,328.54	25,847.40
Cash and Bank Balance	'10'		3,759.10	3,686.22
Loans and Advances	'11'		<u>3,528.68</u>	<u>4,280.04</u>
			<u><b>76,102.88</b></u>	<u>64,835.45</u>
Less : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	'12'		43,137.01	38,948.08
Provisions	'13'		<u>257.44</u>	<u>257.44</u>
			<u><b>43,394.45</b></u>	<u>39,205.52</u>
NET CURRENT ASSETS			<b>32,708.43</b>	25,629.93
		<b>TOTAL</b>	<u><b>52,517.21</b></u>	<u>46,843.32</u>
Accounting Policies & Notes on Accounts	'20'			

As per our report of even date attached

For **Manoj Khatri & Company**

Chartered Accountants

FRN-011546C

**CA Ashish Jain**

(Partner)

Membership No. 403161

Place : Indore

Dated : 29.05.2010

For and on behalf of the Board

**Kailashchandra Shahra**

(Chairman)

**Santosh Shahra**

(Managing Director)

Place : Indore

Dated : 29.05.2010

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**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**


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	Schedule	Year ended 31.03.2010 (Rs. in lacs)	Year ended 31.03.2009 (Rs. in lacs)
<b>INCOME</b>			
Sales	'14'	2,31,230.71	2,22,344.28
Less : Excise Duty		7,160.92	9,970.18
Net Sales		2,24,069.79	2,12,374.10
Increase in Stock	'15'	6,867.82	(11,669.30)
	<b>TOTAL : A</b>	<b>2,30,937.61</b>	<b>2,00,704.80</b>
<b>EXPENDITURE</b>			
Cost of Materials	'16'	2,01,800.76	1,81,101.41
Manufacturing, Selling, Administrative & Other expenses	'17'	14,890.74	17,283.71
Employees' Remuneration & Benefits	'18'	2,114.70	1,975.15
Interest & Finance Charges	'19'	7,608.34	7,551.75
Depreciation		1,773.63	1,717.72
	<b>TOTAL : B</b>	<b>2,28,188.17</b>	<b>2,09,629.74</b>
<b>Profit/Loss for the year (A-B)</b>		<b>2,749.44</b>	<b>(8,924.94)</b>
Income/(Expenses) relating to prior Period (Net)		(17.03)	(5.84)
<b>Profit/Loss before Tax</b>		<b>2,732.41</b>	<b>(8,930.78)</b>
Provision for :-			
Income Tax/Adjusted for earlier years (Net)		300.18	(79.32)
Deferred Tax Liabilities/(assets)		(68.20)	37.79
Fringe Benefit Tax		0.00	18.15
Wealth Tax		0.77	0.87
<b>Profit/Loss after Tax</b>		<b>2,499.66</b>	<b>(8,908.27)</b>
Balance brought forward from previous year		2,904.08	12,069.79
		<b>5,403.74</b>	<b>3,161.52</b>
<b>Appropriation :</b>			
Proposed Dividend on Preference Shares		220.04	220.04
Tax on Dividend		37.40	37.40
<b>Balance carried to Balance Sheet</b>		<b>5,146.30</b>	<b>2,904.08</b>
		<b>5,403.74</b>	<b>3,161.52</b>
Weighted average number of Equity Shares outstanding during the year (in lacs)		326.03	326.03
Nominal value of shares (in Rs.)		10	10
Basic and Diluted Earning Per Share (in Rs.)		6.88	(28.11)
Accounting Policies & Notes on Accounts	'20'		

As per our report of even date attached

For **Manoj Khatri & Company**  
Chartered Accountants  
FRN-011546C

**CA Ashish Jain**  
(Partner)  
Membership No. 403161  
Place : Indore  
Dated : 29.05.2010

**Ashok K. Agarwal**  
(Company Secretary)

For and on behalf of the Board

**Kailashchandra Shahra**  
(Chairman)

**Santosh Shahra**  
(Managing Director)

Place : Indore  
Dated : 29.05.2010

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

	As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)		
<b>SCHEDULE '1' SHARE CAPITAL</b>				
<b>Authorized :</b>				
4,45,00,000 Equity Shares of Rs.10/- each (Previous Year 4,00,00,000 Equity Shares of Rs. 10/- each)	4,450.00	4,000.00		
55,50,000 4% Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous Year 60,00,000 4% Redeemable Cumulative Preference Shares of Rs. 100/- each)	5,550.00	6,000.00		
<b>TOTAL</b>	<b>10,000.00</b>	<b>10,000.00</b>		
<b>Issued :</b>				
3,26,02,942 Equity Shares of Rs.10/- each (Previous Year 3,26,02,942 Equity Shares of Rs. 10/- each)	3,260.30	3,260.30		
55,01,022 4% Redeemable Cumulative Preference Shares of Rs.100/- each (Previous year 55,01,022 4% Redeemable Cumulative Preference Shares of Rs. 100/- each)	5,501.02	5,501.02		
<b>TOTAL</b>	<b>8,761.32</b>	<b>8,761.32</b>		
<b>Subscribed and Paid up :</b>				
(A) 3,26,02,942 Equity Shares of Rs.10/- each (Previous year 3,26,02,942 Equity Shares of Rs. 10/- each)	3,260.30	3,260.30		
(B) 1,18,97,058 Share Warrants issued at Rs. 23.65 per Warrant convertible into 1,18,97,058 Shares at Rs. 23.65 per share including premium Rs. 13.65 per share (Partly Paid up Rs. 5.9125 per warrant) (Previous year Nil)	703.41	0.00		
55,01,022 4% Redeemable Cumulative Preference Shares of Rs.100/- each (Previous Year 55,01,022 4% Redeemable Cumulative Preference Shares of Rs. 100/- each)	5,501.02	5,501.02		
<b>TOTAL</b>	<b>9,464.73</b>	<b>8,761.32</b>		
	As At 01.04.2009 (Rs. in lacs)	Transfer/ Deduction	Additions	As At 31.03.2010 (Rs. in lacs)

**SCHEDULE '2' RESERVES & SURPLUS**

**a. Capital Reserve**

i) Capital Subsidy	32.67	0.00	0.00	32.67
ii) Equity Share Premium	4,333.39	0.00	0.00	4,333.39

<b>c. General Reserve</b>	1,227.02	0.00	0.00	1,227.02
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<b>d. Profit &amp; Loss Account</b>	2,904.08	0.00	2,242.22	5,146.30
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<b>TOTAL</b>	8,497.16	0.00	2,242.22	10,739.38
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	As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)
<b>SCHEDULE '3' SECURED LOANS</b>		
<b>Term Loans :</b>		
From Financial Institutions	11,091.98	8,010.04
<b>Other Loans :</b>		
Cash Credit/Post Shipment Credits/Packing Credits from Banks	11,677.49	9,908.70
<b>TOTAL</b>	<b>22,769.47</b>	<b>17,918.74</b>

**NOTES :**

1. Term loans from Financial Institutions are secured by way of first mortgage of all immoveable properties and hypothecation of all the Company's movables (save and except book debts and stocks) including movable Machinery, Spares and Tools both present and future ranking pari-passu inter-se subject to prior charge created/to be created in favour of the Banks on specified movable assets for securing borrowings for working capital requirements and personal guarantee of the Managing Director.
2. Loans from Banks for working capital are secured by hypothecation of Company's entire Stocks of Raw materials, Stock-in-process, Finished goods, Stores & Spares, Stock in transit, other current assets and second charge over entire fixed assets of the Company ranking pari-passu inter-se and personal guarantee of the Managing Director.

	As At 31.03.2010 (Rs. in lacs)	As At 31.03.2009 (Rs. in lacs)
<b>SCHEDULE '4' UNSECURED LOANS</b>		
From Banks	6,090.22	8,144.49
<b>TOTAL</b>	<b>6,090.22</b>	<b>8,144.49</b>
<b>SCHEDULE '5' DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability for earlier years	3,521.61	3,483.82
Add/(Less) : Provision for the year	(68.20)	37.79
<b>TOTAL</b>	<b>3,453.41</b>	<b>3,521.61</b>

**SCHEDULE '6' FIXED ASSETS**

(Rs. in lacs)

S. No.	Name of Assets	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
		As at 01.04.2009	Additions during the year	Deductions during the year	As at 31.03.2010	Up to 31.03.2009	For the Year	Written Back	Up to 31.03.2010	As at 31.03.2010	As at 31.03.2009
1	Freehold Land	1,074.67	0	0	1,074.67	0	0	0	0	1,074.67	1,074.67
2	Buildings	4,360.92	0	0	4,360.92	1,073.16	133.95	0	1,207.11	3,153.81	3,287.77
3	Plant & Machinery	32,516.43	533.10	1,886.41	31,163.12	16,798.99	1,548.91	1,156.42	17,191.48	13,971.64	15,717.44
4	Furniture & Fixtures	343.11	6.99	0	350.09	134.49	20.98	0	155.47	194.62	208.61
5	Office Equipments	129.43	13.36	0	142.79	42.46	6.45	0	48.91	93.88	86.97
6	Computers	337.34	35.69	0	373.04	188.73	44.47	0	233.20	139.83	148.61
7	Vehicles	214.29	23.81	10.17	227.93	81.01	18.87	8.57	91.32	136.62	133.28
	<b>Total</b>	<b>38,976.19</b>	<b>612.95</b>	<b>1,896.58</b>	<b>37,692.56</b>	<b>18,318.84</b>	<b>1,773.63</b>	<b>1,164.99</b>	<b>18,927.49</b>	<b>18,765.07</b>	<b>20,657.35</b>
	Previous Year Total	36,726.88	2,267.52	18.21	38,976.19	16,605.90	1,717.72	4.78	18,318.84	20,657.35	20,120.98



(Rs. in lacs)

	As At 31.03.2010	As At 31.03.2009
<b>SCHEDULE '11' LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	718.35	1,129.21
Deposits	293.45	305.31
Other Receivables	2,031.19	2,136.78
Advance Income Tax & TDS	772.20	
Less: Provision for Tax deducted per contra	286.51	708.74
<b>TOTAL</b>	<b>3,528.68</b>	<b>4,280.04</b>
<b>SCHEDULE '12' CURRENT LIABILITIES</b>		
Sundry Creditors other than micro & small enterprises	39,431.37	35,694.31
Sundry Creditors of micro & small enterprises	15.41	28.38
Sundry Creditors for Capital Goods	907.19	609.94
Advances from Customers	1,413.85	1,832.65
Other Liabilities	1,266.49	727.34
Interest accrued but not due on Loans	102.70	55.46
<b>TOTAL</b>	<b>43,137.01</b>	<b>38,948.08</b>
<b>SCHEDULE '13' PROVISIONS</b>		
For Income Tax	286.51	1,444.02
Less: Deducted per Contra from advance payment of Tax & TDS	286.51	1,444.02
	0.00	0.00
For Proposed Dividend	220.04	220.04
For Tax on Dividend	37.40	37.40
<b>TOTAL</b>	<b>257.44</b>	<b>257.44</b>
	<b>Year ended 31.03.2010</b>	Year ended 31.03.2009
<b>SCHEDULE '14' SALES AND OTHER INCOME</b>		
Sales - Manufacturing	1,51,439.61	1,55,298.25
Sales - Trading	78,930.90	66,764.81
Dividend Received	2.58	3.45
Miscellaneous Sales	188.00	274.08
Other Income	17.87	3.69
Exchange Rate Difference	651.75	0
<b>TOTAL</b>	<b>2,31,230.71</b>	<b>2,22,344.28</b>
<b>SCHEDULE '15' INCREASE/(DECREASE) IN STOCK</b>		
Closing Stock : of Finished Goods	14,565.51	15,485.55
of Scrap & Waste	103.48	72.98
of Traded Goods	13,783.44	6,026.08
<b>TOTAL (A)</b>	<b>28,452.43</b>	<b>21,584.61</b>

		(Rs. in lacs)	
		Year Ended 31.03.2010	Year Ended 31.03.2009
Less: Opening Stock : of Finished Goods		15,485.55	17,831.48
of Scrap & Waste		72.98	343.57
of Traded Goods		6,026.08	15,078.86
	<b>TOTAL (B)</b>	<b>21,584.61</b>	<b>33,253.91</b>
<b>Net Increase / (Decrease) in Stock (A-B)</b>		<b>6,867.82</b>	<b>(11,669.30)</b>
<b>SCHEDULE '16' COST OF MATERIALS</b>			
<b>A. RAW MATERIALS</b>			
Opening Stock		8,694.11	12,725.11
Add: Purchases		1,20,575.81	1,19,348.67
Less: Closing Stock		12,232.88	8,694.11
		<b>1,17,037.04</b>	<b>1,23,379.67</b>
<b>B. PURCHASE OF TRADED GOODS</b>			
		<b>84,763.72</b>	<b>57,721.74</b>
	<b>TOTAL</b>	<b>2,01,800.76</b>	<b>1,81,101.41</b>
<b>SCHEDULE '17' MANUFACTURING, SELLING ADMINISTRATIVE &amp; OTHER EXPENSES</b>			
Power, Fuel & Electricity		3,714.86	3,880.07
Stores & Spares Consumed		664.35	658.40
Repairs & Maintenance :			
a) Plant & Machinery	122.15		134.28
b) Buildings	37.46		39.37
c) Others	34.61	194.22	36.97
Rent, Rates & Taxes		194.76	148.47
Insurance Charges		47.00	55.17
Legal & Professional Charges		86.80	72.77
Travelling Expenses		111.46	143.17
Conveyance Expenses		81.37	71.88
Postage, Telegram & Telephone Expenses		72.21	66.94
Miscellaneous & Other Establishment Expenses		318.14	318.71
Loss on Sale of Fixed Assets		696.47	8.50
Advertisement & Publicity		75.84	110.78
Freight & Cartage Outward		1,930.37	1,797.87
Packing Materials Consumed		1,548.00	1,729.88
Expenses on Exports		4,609.63	6,708.06
Other Selling Expenses		521.38	289.71
Foreign Exchange Rate Fluctuations		0.00	1,002.71
Provision for Doubtful Debts		23.88	10.00
	<b>TOTAL</b>	<b>14,890.74</b>	<b>17,283.71</b>

(Rs. in lacs)

	Year Ended 31.03.2010	Year Ended 31.03.2009
<b>SCHEDULE '18' EMPLOYEE'S REMUNERATION &amp; BENEFITS</b>		
Salary, Wages & Perquisites	1,794.12	1,651.39
Director's Remuneration & Benefits	118.11	110.25
Staff & Labour Welfare	76.48	87.96
Employee's State Insurance	1.92	2.09
Employee's P.F. & E.P.F.	63.51	60.08
Contribution to Group Gratuity Fund	44.62	48.00
Bonus	15.94	15.38
<b>TOTAL</b>	<b>2,114.70</b>	<b>1,975.15</b>
<b>SCHEDULE '19' INTEREST &amp; FINANCE CHARGES</b>		
On Term Loans	1,512.78	1,598.42
On Working Capital Limits & Others	6,632.51	6,593.37
Less: Interest Received	(536.95)	(640.04)
<b>TOTAL</b>	<b>7,608.34</b>	<b>7,551.75</b>

**SCHEDULE '20'****ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of Accounting :**

The Financial Statements are prepared on the basis of a going concern in accordance with the relevant presentation requirements of the Companies Act, 1956 under the historical cost convention and on accrual basis.

**2. Use of Estimates :**

The preparation of the financial statements is in accordance with generally Accepted Accounting Principals. It requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from these estimates and a revision to such Accounting Estimates is recognized in the accounting period in which such a revision takes place.

**3. Revenue Recognition :**

- a) Sales are inclusive of income from services, excise duty, self consumption, export incentives and net of trade discount.
- b) Revenue on Construction Contracts are recognized under percentage of Completion Method. The state of completion is determined on the basis of completion of physical proportion of the contract work up to the date of reporting as certified by qualified valuer.

**4.1 Fixed Assets :**

Fixed Assets are stated at cost less depreciation. Rollover Charges on Foreign Exchange Contracts of foreign currency liabilities for acquisition of fixed assets are added/deduction to the cost of the assets.

**4.2 Impairment of Assets :**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount.

An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of recoverable amount.

**4.3 Capital Work-in-Progress :**

Capital Works-in-Progress includes Building under Construction, Machinery in Stock/under installation/ in transit, construction/erection materials, advances for construction, erection and Machinery and preoperative expenses pending for allocation. No depreciation has been charged on assets which are under construction.

**4.4 Central Value Added Tax (CENVAT) :**

CENVAT claimed on Capital Goods is reduced from the cost of Plant and Machinery. CENVAT claimed on purchases of Raw materials and other materials is reduced from the cost of such materials.

**5. Depreciation :**

Depreciation on Fixed Assets is provided under the Straight Line Method at the rates provided by Schedule XIV to the Companies Act, 1956. Continuous Process Plants as defined in said Schedule, have been taken on technical assessment and depreciation is provided accordingly. Depreciation on additions during the year is being calculated on pro-rata basis from the next following month, in which such additions were made or upto the month preceding the month of such deletion, as the case may be.

**6. Interest on Borrowings :**

Borrowing cost is charged to the Profit & Loss Account for the year in which it is incurred except for capital assets which is capitalised till the date of commercial use of the asset.

**7. Lease Rent :**

The payment of lease rent for Operating Lease are recognized as an expenditure in the Profit & Loss Account.

**8. Inventories :**

Stock of Raw Materials, Stores & Spares, Fuel & Packing Materials are valued at cost or Net realizable value whichever is lower. Traded Goods and Finished Goods are valued at lower of Cost or net realizable value. Stock of Scrap is valued at net realizable value. The cost of material is arrived on First in First Out basis.

**9. Foreign Currency Transactions :**

Foreign exchange transactions are recorded at the rates of exchange on the dates of the respective transactions. Assets and Liabilities designated in Foreign currency are converted into Rupees at the rates of exchange prevailing as on the Balance Sheet date or at the rate contracted and corresponding adjustment made to the relevant Income, Expenditure and Assets.

**10. Investments :**

Investments are valued at cost and since the investment are of long term nature no provision has been made towards diminution in the market value of such investments.

**11. Taxation :**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements.

**12. Retirement benefits :**

- a) Contributions to Provident Fund and Family Pension Fund are accrued in accordance with applicable statute and deposited with appropriate authorities.
- b) Leave Encashment is determined using actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognized in full in Profit and Loss Account for the year in which they occur.

- c) The Company's liabilities towards employees gratuity is determined on the basis of year end actuarial valuation done by an independent actuary. The actuarial gains or losses determined by the actuary are recognised in the Profit and Loss Account as income or expenses.

### 13. Segment Accounting :

**13.1** The Company has disclosed Business Segment as the Primary Segment. Segments have been identified taking into account the type of products, the differing risk and returns and the Internal Reporting System. The various Segments identified by the Company comprised as under :

- i) Manufacturing (G.P. / G.C. / C.C.L. Coils / Sheets )
- ii) Trading / Transmission Line

### 13.2 Segment Accounting Policies :-

Following Accounting Policies have been followed by the Company for the Segment Reporting :

- a) Segment Revenue includes Sales and Other Income directly identifiable with/allocable to Segment.
- b) Expenses which are directly identifiable with/allocable to Segments are considered for determining the Segment Results. The expenses which relate to the Company as a whole and not allocable to Segment are included under unallocable expenses.
- c) Income which relates to the Company as a whole and not allocable to Segment is included under unallocable income.
- d) i) Segment Assets includes those assets which are directly identifiable with respective Segments and employed by a Segment in its operating activities but does not includes Income Tax Assets.
  - ii) Segment Liabilities includes those liabilities which are directly identifiable with respective Segments and Operating Liabilities that results from operating activities of a Segment but does not include Income Tax Liabilities and Financial Liabilities.
  - iii) Unallocable Corporate Assets and Liabilities represents the assets and liabilities that relate to the Company as a whole and not allocable to any Segment.

### 14. Contingent Liabilities :

Contingent Liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts.

### 15. Inter unit Transfer :

- a) Inter unit transfers of goods for internal use as captive consumption are not shown in the Profit & Loss Account.
- b) Any Unrealized profit on unsold stocks is ignored while valuing inventories.

### 16. 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 demand deposits with banks.

## B. NOTES ON ACCOUNTS

1. Contingent Liabilities not provided for	(Rs. in lacs)	
	<u>2009-10</u>	<u>2008-09</u>
a) Outstanding Bank Guarantees	<b>2932.81</b>	2213.57
b) Disputed Liabilities not acknowledged as debts	<b>159.83</b>	266.16
c) Estimated amount of contracts remaining to be Executed on Capital Account (net of advance)	<b>288.59</b>	258.75



2. Sundry Creditors includes Rs. 29,757 lacs towards acceptances (Previous Year Rs. 24,896 lacs) and Rs. 15.41 lacs (Previous Year Rs. 28.38 lacs) due to Micro, Small and Medium Enterprises Undertakings and that given in Schedule 12 - 'Current Liabilities'.

As per the information available with the Company relating to the registration status of the suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act disclosed as under :

(Rs. in lacs)

Description	Current Year	Previous Year
Principal amount due outstanding as at 31 <sup>st</sup> March	<b>15.41</b>	28.38
Interest due on (1) above and unpaid as at 31 <sup>st</sup> March	<b>0.04</b>	0.30
Interest paid to the supplier	-	-
Payment made to supplier beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining Unpaid as at 31 <sup>st</sup> March	<b>0.32</b>	0.66
Amount of further interest remaining due and payable in succeeding year	<b>1.32</b>	0.96

3. During the year the Company has paid an amount of Rs. 41.74 lacs as lease rent, charged to Profit & Loss Account (Previous Year Rs. 25.54 lacs).
4. The Company is carrying on the project of construction of Power Sub Stations and Installation and Commissioning of Transmission Line. Having regard to the accounting policies followed by the Company and on the basis of certificate of approved surveyors, the entire expenditure on the uncompleted contracts amounting to Rs. 2,702.30 lacs (Previous year Rs. 2,677.61 lacs) is shown in Work in Process (Transmission Lines) in the Balance Sheet under the head of Inventories.
5. **Disclosure under Accounting Standard - 7 "Construction Contracts"**

(Rs. in lacs)

	<b>2009-10</b>	<b>2008-09</b>
Contract revenue recognised as revenue in the period	<b>1947.08</b>	1335.14
Contract costs incurred and recognised profits	<b>3783.69</b>	2596.36
Advances received	<b>1303.53</b>	1193.21
Gross amount due from customers for contract work	<b>1836.61</b>	1168.69

6. In respect of Constructions Contracts, the Company follows the Percentage of Completion Method for recognizing profit/loss but no provision is made for contingencies in respect of contract in progress, consistent with the practice of the Company. Accounting Standard-7 on Accounting for Construction Contracts issued by the Instituted of Chartered Accountants of India requires that an appropriated allowance be made for future unforeseeable factors. In the opinion of the Company, such a provision is not required and has no financial effect.
7. During the year the Company has issued 1,18,97,058 warrants in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as applicable on preferential issue of warrants convertible into equity shares. These warrants have been issued to promoters, their relatives and associates and other entities. These warrants are convertible into equal number of shares of Rs. 10/- each fully paid up at a price of Rs. 23.65 including premium of Rs. 13.65 determined in accordance with the guidelines for preferential issue contained in Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended.
8. Balances of debtors, creditors, deposits and advances are partly confirmed.

9. As per Accounting Standard - 15 "Employee Benefits", the disclosure of Employee Benefits as defined in the Accounting Standard are given below :

**Defined Contribution Plan :**

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

	<u>2009-10</u>	<u>2008-09</u>
Employer's Contribution to Provident Fund & F.P.F.	<b>72.94</b>	69.16
Employee's Insurance	<b>1.92</b>	2.09

**Defined Benefit Plan :**

(a) A general description of the Employees Benefit Plan : The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

(b) Details of Defined Benefit Plan : As per Actuarial valuation are as follows :

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Nonfunded)</b>	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Nonfunded)</b>
	<u>2009-10</u>	<u>2009-10</u>	<u>2008-09</u>	<u>2008-09</u>
<b>I. Reconciliation of opening and closing balances of Defined Benefit Obligation</b>				
Defined Benefit Obligation at beginning of the year	<b>233.24</b>	<b>78.32</b>	179.19	75.84
Current Service Cost	<b>26.27</b>	<b>8.18</b>	20.27	8.13
Interest Cost	<b>18.66</b>	<b>6.26</b>	14.33	6.06
Actuarial (gain)/loss	<b>(12.71)</b>	<b>0.91</b>	25.15	(5.65)
Cost of Plant Amendment	<b>24.15</b>	<b>0.00</b>	0.00	0.00
Benefits paid	<b>(18.60)</b>	<b>(8.36)</b>	(5.70)	(6.06)
<b>Defined Benefit Obligation at end of the year</b>	<b>271.01</b>	<b>85.31</b>	233.24	78.32
<b>II. Reconciliation of opening and closing balances of Fair value of Plan Assets</b>				
Fair value of Plan Assets at beginning of the year	<b>193.44</b>	<b>0.00</b>	110.86	0.00
Expected Return on Plan Assets	<b>15.47</b>	<b>0.00</b>	8.87	0.00
Actuarial Gain/(Loss)	<b>5.41</b>	<b>0.00</b>	2.87	0.00
Employer contribution	<b>84.43</b>	<b>8.36</b>	76.53	6.06
Benefits paid	<b>(18.60)</b>	<b>(8.36)</b>	(5.70)	(6.06)
<b>Fair value of Plan Assets at end of the year</b>	<b>280.15</b>	<b>0.00</b>	193.43	0.00
Total Actuarial Gain/(Loss) Recognized during the year	<b>18.12</b>	<b>0.91</b>	(22.27)	5.65

	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Nonfunded)</b>	<b>Gratuity (Funded)</b>	<b>Leave Encashment (Nonfunded)</b>
	<b>2009-10</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2008-09</b>
<b>III. Reconciliation of Fair Value of Assets and Obligation</b>				
Fair value of Plan Assets	<b>280.14</b>	<b>0.00</b>	193.43	0.00
Present value of Obligation	<b>271.01</b>	<b>(85.31)</b>	233.24	78.32
<b>Amount recognized in Balance Sheet</b>	<b>NIL</b>	<b>(85.31)</b>	39.81	78.32

**Note :** In case of gratuity, fair value of plan assets are more than the present value of obligation by Rs. 9.13 lacs. Such excess amount was not recognized as an asset of the Company because the Company has no right over the insurer managed gratuity fund.

**IV. Expenses recognized during the year under the head "Employees Remuneration and Benefits" as per Schedule "18"**

Current Service Cost	<b>26.27</b>	<b>8.18</b>	20.27	8.13
Interest Cost	<b>18.66</b>	<b>6.26</b>	14.33	6.06
Expected Return on Plan Assets	<b>(15.47)</b>	<b>0.00</b>	(8.87)	0.00
Cost of Plan Amendment	<b>24.15</b>	<b>0.00</b>	0.00	0.00
Actuarial Gain/(Loss)	<b>(18.12)</b>	<b>0.91</b>	22.27	(5.65)
<b>Net Cost</b>	<b>35.49</b>	<b>15.35</b>	48.00	8.54

**V. Actuarial Assumptions**

	<b>1994-96 (Ultimate)</b>	<b>1994-96 (Ultimate)</b>	<b>1994-96 (Ultimate)</b>	<b>1994-96 (Ultimate)</b>
Mortality Table (LIC)				
Discount Rate (Per Annum)	8%	8%	8%	8%
Expected Rate of Return on Plan Assets (Per Annum)	8%	8%	8%	8%
Rate of Escalation in salary (Per Annum)	7%	7%	7%	7%

**VI. The major categories of plan assets as a percentage of the total plan assets**

Insurer Managed Funds	100%	100%
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Note : The details of investment made by the insurer is not readily available with the Company.

The estimates of Rate of Escalation in salary considered in actuarial valuation takes 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. Segment Reporting :****a) Business Segments****(Rs. in lacs)**

Particulars	Manufacturing Segment	Trading Segment	Total 31.03.2010	Manufacturing Segment	Trading Segment	Total 31.03.2009
Segment Revenue	1,52,279.36	78,930.90	2,31,210.26	1,55,572.33	66,764.81	2,22,337.14
Unallocable Other Income	---	---	20.45	---	---	7.14
Segment Results	9,873.40	1,924.55	11,797.95	41.80	(9.72)	32.08
<b>Less: Unallocable Expenses :</b>						
Interest & Finance Charges	6,094.11	1,514.23	7,608.34	6,520.25	1,031.50	7,551.75
Other Unallocable Expenses	---	---	1,477.65	---	---	1,418.27
Profit(+) / Loss(-) before Tax	---	---	2,732.41	---	---	(8,930.78)
Less: Provision for :-						
Income Tax/Adjusted for earlier years (Net)	---	---	300.18	---	---	(79.32)
Deferred Tax Liabilities/(assets)	---	---	(68.20)	---	---	37.79
Fringe Benefit Tax	---	---	---	---	---	18.15
Wealth Tax	---	---	0.77	---	---	0.87
Profit(+) / Loss(-) after Tax	---	---	2,499.66	---	---	(8,908.27)
Segment Assets	75,454.85	19,612.46	95,067.31	73,619.21	11,572.76	85,191.97
Unallocable Assets	---	---	564.95	---	---	577.47
Segment Liabilities	27,669.83	15,724.62	43,394.45	29,625.74	9,579.78	39,205.52
Unallocable Liabilities	---	---	---	---	---	---
Capital Expenditure	---	---	612.95	---	---	2,242.52
Segment Depreciation	---	---	1,773.63	---	---	1,717.72

**b) Geographical Segments****(Rs. in lacs)**

Particulars	31.03.2010	31.03.2009
Domestic Revenue	1,85,921.84	1,52,544.73
Export Revenue	45,288.42	69,792.41

11. Related party disclosures as per Accounting Standard - 18 are given below :-

**A. Relationships**

- a) Key Management Personnel and their relatives :
  - Mr. Santosh Shahra, Managing Director
  - Mr. P. Srikrishna, Whole - time Director
  - Mrs. Usha Devi Shahra, wife of Managing Director
  - Mrs. Aditi Gowani, daughter of Managing Director
  - Mr. Vishesh Shahra, son of Managing Director
- b) Other related parties where control exists :
  - NSIL Infotech Limited
  - NSIL Power Limited
  - Shahra Brothers Private Limited
  - Ruchi Integrated Steels (India) Limited
  - Ruchi Power Corporation Limited
  - NSIL Exports Limited
  - Shri Mahadeo Shahra Sukrat Trust
  - Mid India Power and Steel Limited
  - NSIL Finance Limited

- B.** Transactions carried out with related parties referred in 11A above, in the ordinary course of business : (Rs. in lacs)

	31.03.2010		31.03.2009	
	<u>Related Parties</u>		<u>Related Parties</u>	
Nature of Transactions	Referred in 11 A (a)	Referred in 11 A (b)	Referred in 11 A (a)	Referred in 11 A (b)
Purchases/Expenses	31.68	6,478.56	25.32	2,521.19
Remuneration	117.44	---	118.16	---
Sales	---	11,454.30	---	19,561.26
Other Receivables	---	48.38	---	---
Outstanding/payable	---	---	---	6.17

- 12. Earning Per Share (EPS)** computed in accordance with Accounting Standard – 20:

	<u>31.03.2010</u>	<u>31.03.2009</u>
Profit after Tax (Rs. in lacs)	2,499.66	-8,908.27
Number of Shares Issued	3,26,02,942	3,26,02,942
Basic / Diluted EPS (Rs.)	6.88	-28.11

(Rs. in lacs)

	2009-10	2008-09
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- 13. Remuneration to Auditors :**

a) For Audit Fees including Tax Audit (excluding Service Tax)	2.50	2.15
b) For Certification work	0.67	1.07
	<u>3.17</u>	<u>3.22</u>

- 14. Managerial Remuneration:**

Salary	98.63	93.60
Allowance & Others	9.37	7.07
Providend Fund	9.43	9.07
Sitting Fee	0.68	0.51
	<u>118.11</u>	<u>110.25</u>

	As At 31.03.2010	As At 31.03.2009
--	---------------------	---------------------

- 15. (a) Major components of Deferred Tax**

**Liabilities :**

Depreciation	3,471.83	3,551.19
--------------	----------	----------

**Assets :**

Retirement benefits & other	18.42	29.58
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<b>Net Deferred Tax Liability</b>	<u>3,453.41</u>	<u>3,521.61</u>
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- (b) Deferred Tax charge for the year**

Opening Deferred Tax Liability	3,521.61	3,483.82
Lees : Closing Deferred Tax Liability	<u>3453.41</u>	<u>3,521.61</u>
<b>Deferred Tax charge for the year</b>	<u>(68.20)</u>	<u>37.79</u>

16. The figures of previous year have been regrouped wherever necessary to confirm the current year's classification.

**17. Financial and Derivative Instruments**

(a) Forward Contracts entered into by the Company :

Particulars	No. of Contracts	Amount in USD	Amount in INR
Covered against Import	15	3,21,84,007.11	1,46,60,40,851

(b) Forward Currency exposure which are not hedged as at Balance Sheet date :

Currency	Payable	Receivable	Net
USD	2,79,66,730.19	1,51,97,376.63	1,27,69,353.56
EURO	3,65,000.00	84,569.47	2,80,430.53

**Capital Work-in-Progress :**

Expenses incurred towards on going projects under various capital assets including advances paid to suppliers and advance against land are as under :

	As at 31.03.2010	As at 31.03.2009
Building, Site Development Expenses	1,99,22,291	---
Plant and Machinery	2,58,24,732	---
Other Fixed Assets	1,30,325	---
Preoperative Expenses	19,70,125	---
Advance to Suppliers	2,85,83,302	2,76,64,418
<b>TOTAL</b>	<b>7,64,30,775</b>	<b>2,76,64,418</b>

18. Additional information pursuant to Paragraph 3, 4C and 4D of Part-II of Schedule VI of the Companies Act, 1956 :

	Unit	Year ended 31.03.2010	Year ended 31.03.2009
<b>A) Capacity &amp; Production</b>			
<b>i) Registered Capacity</b>			
G.P. / G.C. Coils / Sheets	MTPA	2,50,000.000	2,50,000.000
C.R. Coils / Sheets	MTPA	4,00,000.000	4,00,000.000
Color Coated Coils / Sheets	MTPA	1,00,000.000	1,00,000.000
<b>ii) Installed Capacity*</b>			
G.P./G.C. Coils/Sheets	MTPA	2,10,000.000	2,10,000.000
C.R. Coils / Sheets	MTPA	3,00,000.000	3,00,000.000
Color Coated Coils	MTPA	90,000.000	90,000.000

	Unit	Year ended 31.03.2010	Year ended 31.03.2009	
<b>iii) Actual Production</b>				
Galvanised / Coated / Coils / Sheets	M.T.	2,24,242.229	2,20,918.544	
G.P. Coils / Sheets ( Jobwork for others)	M.T.	3,943.488	3,733.409	
G.P. Coils / Sheets (Jobwork done by others)	M.T.	68,146.444	44,696.049	
Color Coated Coils / Sheets	M.T.	80,097.609	83,254.882	
Color Coated Coils / Sheets (Jobwork for others)	M.T.	2,497.420	90.162	
C.R. Coils / Sheets	M.T.	3,28,270.233	2,81,575.050	
C.R. Coils (Jobwork for others)	M.T.	4,209.310	8,225.536	
<i>*As certified by the Management and relied upon by the Auditors, being a technical matter.</i>				
		Year ended 31.03.2010	Year ended 31.03.2009	
	Qty. (M.T.)	Value (Rs. in lacs)	Qty. (M.T.)	Value (Rs. in lacs)
<b>B) Stock of Finished Goods</b>				
<b>i) Galvanised / Prepainted / Coated Plain / Corrugated Sheets / Coils</b>				
Opening Stock	23,304.537	11,304.19	32,454.698	15,849.51
Closing Stock	25,158.535	12,327.28	23,304.537	11,304.19
<b>ii) Cold Rolled Strips / Coils</b>				
Opening Stock	10,788.150	4,181.36	4,976.317	1,981.97
Closing Stock	6,281.213	2,238.23	10,788.150	4,181.36
<b>iii) Traded Goods</b>				
Opening Stock	13,920.172	6,026.08	61,281.300	15,078.86
Closing Stock	52,408.254	13,783.44	13,920.172	6,026.08
<b>C) Sales</b>				
Galvanised / Prepainted / Coated Plain / Corrugated Sheets/ Coils, Cold Rolled Coils and Others	3,71,265.470	1,51,439.61	3,20,050.331	1,55,298.25
Traded Goods	3,16,485.785	78,930.90	2,60,827.350	66,764.81
		<u>2,30,370.51</u>		<u>2,22,063.06</u>
<b>D) Raw Materials Consumed</b>				
H.R. Coils / C.R. Coils	3,56,270.069	1,03,868.15	3,06,039.526	1,14,313.14
Zinc	13,959.627	13,168.89	11,188.448	9066.53
		<u>1,17,037.04</u>		<u>1,23,379.67</u>
<b>E) Purchases</b>				
Traded Goods	3,55,334.401	84,763.72	2,13,993.163	57,721.74

	Year ended 31.03.2010 (Rs. in lacs)	%	Year ended 31.03.2009 (Rs. in lacs)	%
<b>F) Value of imported &amp; Indigenous Raw Materials and Stores &amp; Spares Consumed</b>				
<b>i) Raw Materials :</b>				
Imported	52,643.52	44.98	49,994.95	40.52
Indigenous	64,393.52	55.02	73,384.72	59.48
	<u>1,17,037.04</u>	<u>100.00</u>	<u>1,23,379.67</u>	<u>100.00</u>
<b>ii) Stores &amp; Spares :</b>				
Imported	25.11	3.78	58.05	8.82
Indigenous	639.24	96.22	600.35	91.18
	<u>664.35</u>	<u>100.00</u>	<u>658.40</u>	<u>100.00</u>
	Year ended 31.03.2010 (Rs. in lacs)		Year ended 31.03.2009 (Rs. in lacs)	
<b>G) Value of Import on CIF basis:</b>				
i) Raw Materials	42,752.11		20,311.62	
ii) Plant & Machinery and Consumables	307.01		687.55	
iii) Traded Goods	33,274.75		24,014.18	
<b>H) Expenditure in Foreign Currency:</b>				
Travelling Expenses, Commission, Interest on Term Loan and Others	745.35		1,709.93	
<b>I) Remittance in Foreign Currency:</b>				
Dividend on Preference Shares	220.04		220.04	
<b>J) Earnings in Foreign Currency</b>	34,213.56		56,647.85	
(Export of Galvanised/Prepainted/Coated Plain/Corrugated Sheets/Coils, Cold Rolled Coils and Others)				

As per our report of even date attached

For and on behalf of the Board

For **Manoj Khatri & Company**  
Chartered Accountants  
FRN-011546C

**Kailashchandra Shahra**  
(Chairman)

**CA Ashish Jain**  
(Partner)  
Membership No. 403161

**Ashok K. Agarwal**  
(Company Secretary)

**Santosh Shahra**  
(Managing Director)

Place : Indore  
Dated : 29.05.2010

Place : Indore  
Dated : 29.05.2010

**ANNEXURE TO CLAUSE 32 OF THE LISTING AGREEMENT  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2010**

(Rs. in lacs)

	Year ended 31.03.10	Year ended 31.03.09
<b>A. Cash Flow from Operating Activities :</b>		
<b>a) Net Profit/Loss before Tax &amp; Extraordinary Items</b>	2732	(8931)
Adjustment for :		
Depreciation	1774	1717
Interest	8145	8195
Interest & Dividend Income	(539)	(644)
Profit on Sale of Fixed Assets	0	0
Loss on Sale of Fixed Assets	696	9
<b>b) Operating Profit before Working Capital Changes</b>	12808	346
Adjustment for :		
Trade and other Receivables	(985)	(1507)
Inventories	(10464)	15746
Increase in Trade Payables	3844	(4930)
<b>c) Cash Generated from Operations</b>	5203	9655
Income Tax Paid (Net)	(61)	(1458)
<b>d) Cash Flow before Extraordinary Items</b>	5142	8197
Extraordinary Items	Nil	Nil
<b>Net Cash from Operating Activities (A)</b>	5142	8197
<b>B. Cash Flow from Investing Activities :</b>		
Interest/Dividend received	572	608
Purchase of Fixed Assets including Capital Work-in-Progress	(1101)	(2243)
Sale of Fixed Assets	18	5
<b>Net Cash from Investing Activities (B)</b>	(511)	(1630)
<b>C. Cash Flow from Financing Activities :</b>		
Proceeds from Issue of Share Capital	703	0
Proceeds from Long Term Borrowings	3800	500
Repayment of Long Term Borrowings	(718)	(2737)
Net proceeds from Other Borrowings	(285)	3984
Decrease in Liabilities	0	0
Liability for Capital Goods	297	609
Provision for Dividend	(257)	(257)
Interest Paid	(8098)	(8177)
<b>Net Cash from Financing Activities (C)</b>	(4558)	(6078)
<b>D. Net increase/ (decrease) in Cash and Cash equivalent (A+B+C)</b>	73	489
Cash and Cash equivalent at the beginning of the year	(3686)	(3197)
Cash and Cash equivalent at the end of the year	3759	3686

**AUDITORS' CERTIFICATE ON CASH FLOW STATEMENT**

We have examined the annexed Cash Flow Statement of National Steel and Agro Industries Limited for the year ended 31st March, 2010. The same has been prepared by the Company in accordance with the requirement of Clause 32 of the Listing Agreement with Stock Exchanges and is based on and evened from the audited accounts of the Company for the year ended 31st March, 2010.

As per our report of even date attached

For and on behalf of the Board

For **Manoj Khatri & Company****Kailashchandra Shahra**  
(Chairman)

Chartered Accountants

FRN-011546C

**CA Ashish Jain****Ashok K. Agarwal**  
(Company Secretary)**Santosh Shahra**  
(Managing Director)

(Partner)

Membership No. 403161

Place : Indore

Dated : 29.05.2010

Place : Indore

Dated : 29.05.2010

**ADDITIONAL INFORMATION UNDER PART IV OF THE SCHEDULE VI TO THE COMPANIES ACT, 1956**

	<b>(Rs. in lacs)</b>
<b>I Registration Details</b>	
Registration No.	L 27100 MH 1985 PLC 140379
Balance Sheet Date	31.03.2010
<b>II Capital Raised During the Year</b>	
Public Issue (Issue through Prospectus)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement (Issue of Share warrants)	703
<b>III Position of Mobilisation and Deployment of Funds</b>	
<b>Total Liabilities</b>	95912
<b>Total Assets</b>	95912
<b>Sources of Funds</b>	
Paid-up Capital	9465
Reserves & Surplus	10739
Secured Loans	22770
Unsecured Loans	6090
<b>Application of Funds</b>	
Net Fixed Assets	19529
Investments	279
Net Current Assets	32708
Misc. Expenditure	---
<b>IV Performance of the Company</b>	
Turnover/Receipt	231231
Total Expenditure	228498
Profit/(Loss) Before Tax	2732
Profit/(Loss) After Tax	2500
Earning Per Share in Rs.	6.88
<b>V Generic Name of Principal Product of Company</b> (As per Monetary Terms)	
i) Item Code No.	7210.19/7210.11
Product Description	Galvanised Plain/ Corrugated Sheets/Coils
ii) Item Code Co.	7209.30/7209.20
Product Description	C.R. Coils/Sheets
iii) Item Code Co.	7210.30
Product Description	Color Coated Plain Coils/Sheets
iv) Item Code No.	7210.90
Product Description	Color Coated Corrugated Sheets/Coils

As per our report of even date attached

For and on behalf of the Board

For **Manoj Khatri & Company**  
Chartered Accountants  
FRN-011546C

**Kailashchandra Shahra**  
(Chairman)

**CA Ashish Jain**  
(Partner)  
Membership No. 403161

**Ashok K. Agarwal**  
(Company Secretary)

**Santosh Shahra**  
(Managing Director)

Place : Indore  
Dated : 29.05.2010

Place : Indore  
Dated : 29.05.2010

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**NOTICE**

NOTICE is hereby given that the **Twenty Fourth Annual General Meeting** of the Company will be held on Tuesday the 21<sup>st</sup> day of September, 2010 at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400001 at 10.30 A.M. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Accounts of the Company and the Reports of Directors' and Auditors' thereon for the year ended 31<sup>st</sup> March, 2010.
2. To appoint a Director in place of Mr. Navin Khandelwal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Veer Kumar Jain who retires by rotation and being eligible, offers himself for reappointment.
4. To declare dividend on Redeemable Preference Shares.
5. To appoint M/s Manoj Khatri & Company, Chartered Accountants as Statutory Auditors of the Company.

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**Registered Office :**

621, Tulsiani Chambers,  
Nariman Point,  
Mumbai - 400 021

By Order of the Board

Place : Indore

Dated : 29.05.2010

**Ashok K. Agarwal**

(Company Secretary)

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**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY(IES) NEED NOT BE MEMBER(S) OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 23<sup>rd</sup> August, 2010 to 25<sup>th</sup> August, 2010 (both days inclusive).
3. All documents referred to the accompanying notice are open for inspection at the Registered Office of the Company during the office hours on all working days except holidays between 10.00 A.M. and 12.00 Noon up to the date of the Annual General Meeting.
4. Members who have multiple accounts in identical names or joint names in the same order are requested to send all the Share Certificate(s) to the Registrar and Transfer Agent for consolidation of all such shareholdings into one account to facilitate better service.
5. The transferee(s) are required to furnish a copy of their PAN Card to the RTA for registration of transfer of shares in physical form.
6. Members are requested to :
  - a. Write the Company at least 7 days in advance for any further information on Accounts so as to enable the Company to keep information ready at the meeting.
  - b. Deposit duly filled in attendance slip annexed to the proxy form at the entrance to the place of Meeting.
  - c. Bring their copies of the Annual Report with them at the Meeting.

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By Order of the Board

Place : Indore

Dated : 29.05.2010

**Ashok K. Agarwal**

(Company Secretary)

**NATIONAL STEEL AND AGRO INDUSTRIES LIMITED**  
Regd. Office: 621, Tulsiani Chambers, Nariman Point, Mumbai - 400 021

**TWENTY FOURTH ANNUAL GENERAL MEETING  
ATTENDANCE SLIP**

**PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE TO THE PLACE OF THE MEETING**

I/We hereby record my/our presence at the 24<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 21<sup>st</sup> day of September, 2010 at 10.30 A.M. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400001

<b>Name of Shareholder / Proxy (in Block Letters)</b>	<b>Regd. Folio No. / DP ID &amp; Client ID</b>
<b>Signature of Shareholder / Proxy</b>	

**Note :**

- Member/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.**

**PROXY FORM**

**NATIONAL STEEL AND AGRO INDUSTRIES LIMITED**  
Regd. Office: 621, Tulsiani Chambers, Nariman Point, Mumbai - 400 021

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

being a member of National Steel and Agro Industries Limited, hereby appoint \_\_\_\_\_ of \_\_\_\_\_ (or failing him)

\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to attend and vote for me/us and on my/our behalf at the 24<sup>th</sup> Annual General Meeting of the Company to be held on Tuesday, the 21<sup>st</sup> day of September, 2010 at 10.30 A.M. at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2<sup>nd</sup> Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400001.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix Revenue Stamp of Rupee 1/-
--

Signature \_\_\_\_\_

<b>PROXY NAME</b>	<b>REGD. FOLIO / DP ID &amp; CLIENT ID</b>	<b>NO. OF SHARE(S)</b>