

**ANNUAL REPORT 2010-11**

**AUDIT COMMITTEE**

1. Mr. Navin Khandelwal- Chairman
2. Mr. Kailashchandra Shahra  
(upto 14.02.2011)
3. Mr. Navneet Zalani
4. Mr. Ashok Sharma  
(w.e.f. 14.02.2011 upto 19.04.2011)
5. Mr. Rajesh Nema  
(w.e.f. 19.04.2011)

**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, 22886267  
Fax : 22025084  
**Website** : www.nsail.com

**AUDITORS**

M/s Manoj Khatri & Company  
Chartered Accountants  
Indore

**BANKERS**

1. IDBI Bank Ltd.
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. Oriental Bank of Commerce
9. 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, Executive Director
4. Mr. Ashok Sharma, Executive Director  
(w.e.f. 17.12.2010 upto 19.04.2011)
5. Mr. Veer Kumar Jain, Director
6. Mr. Navneet Zalani, Director
7. Mr. Navin Khandelwal, Director
8. Mr. Rajesh Nema, Director  
(w.e.f. 17.12.2010)

**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

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

Dear Shareholders,

Your Directors have pleasure to present Twenty Fifth Annual Report on the business and operations of the Company alongwith the Audited Statement of Accounts for the Financial Year ended 31st March, 2011.

**FINANCIAL RESULTS**

**(Rs. in lacs)**

<b>PARTICULARS</b>	<b>Year ended 31.03.2011</b>	<b>Year ended 31.03.2010</b>
Sales and Other Income	<b>2,64,408</b>	2,31,231
Gross Profit / (Loss)	<b>5,725</b>	4,523
Depreciation	<b>1,782</b>	1,774
Income / (Expenses) pertaining to earlier years	<b>(5)</b>	(17)
Profit / (Loss) before Taxation	<b>3,938</b>	2,732
Provisions for :-		
Income Tax/Adjusted for earlier years (Net)	<b>830</b>	300
Deferred Tax	<b>(116)</b>	(68)
Profit / (Loss) after Taxation	<b>3,224</b>	2,500
Add: Profit b/f from previous year	<b>5,146</b>	2,904
Amount available for appropriation	<b>8,370</b>	5,404
Surplus carried to Balance Sheet	<b>8,113</b>	5,146

**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 slipped one step to become the fourth largest steel producer in the world in 2010 with 68.3 million tones production and recorded a growth of 7.6% as compared to 2009. India has also maintained its position as the largest Sponge Iron and Direct Reduced Iron (DRI) producing country in the world in 2010. Steel Industry has major role to play in the economic growth of India. With new global acquisition by Indian Steel giants, India is now on the centre of global steel map. The real steel consumption in the Financial Year 2011 has increased by 10.6% year on year. Steel imports may be a thing of past as the domestic industry is set to add around 30 million tones capacity over the next 18 months. The imports declined by 7.9% year on year. The steel Industry which suffered a blow during global market melt down, recovered steadily during the Financial Year 2010. With expanding consumer market and stress on infrastructure developments Indian steel industry is likely to continue to receive huge domestic and foreign investments.

b) **Opportunities and Threats**

The Indian steel industry has had a decent growth due to buoyancy in sectors such as infrastructure and construction, oil, gas and automobiles. The demand for steel is expected to get a boost with major international automobile manufacturer setting up factories in India. The Govt. has allocated Rs.168300 crores to the infrastructure in the union budget 2010-11 and increased the allocation for road transport by 13% to USD 4.3 billion which will further promote the steel industry. However, hardening interest rates, sovereign debt crisis in Euro Zone (forcing austerity measures), massive rise in oil prices, political turmoil in Middle East and catastrophic event in Japan increase the risks of a slowdown. On the positive side, the steel inventory in the US and Europe are retains at low levels which is a positive when demand recovers. Fluctuation in demand and raw material price volatility are the two biggest challenges facing steel industry.

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**

The prospects of domestic steel market is supposed to look up given the gross domestic production (GDP) growth projection at 7.75% to 8.25%. The spiraling inflation and the measures taken to control the inflation are likely to act as dampener. The steel industry is facing issues of cost pressure and dwindling margins. Developed world recovery to stay muted due to on-going deleveraging and fiscal constraint. China to continue with tightening monetary policy to control inflation despite concerns over slower growth. In India stronger Govt. spending is required to boost consumption as private investment slows down due to hardening interest rate. The raw material prices at elevated levels may provide support to steel prices. The long term outlook for steel industry is bright production should rise by 3.6% CAGR between 2010 and 2020. The medium outlook is uncertain.

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

**Metal Division**

This year NSAIL have diversified into Recycling of Aluminum and Lead scrap for production of Aluminum alloys and pure Lead and Lead Alloys.

Since Aluminum does not lose any of its important properties or damage the metal's structure it can then be recycled indefinitely. Interestingly, the recycling of scrap aluminum requires only 5% of the total amount of energy that is used for making new Aluminum. In almost all the advanced countries of the world, approximately 31% of all Aluminum products produced come from recycled scrap.

Careful preservation and protection and management of our natural resources will help sustain our environment for future generations.

**Environment Friendly Battery Recycling**

By recycling batteries we may be keeping in compliance with current environmental regulations, managing our waste stream properly and limiting our exposure to liability and setting good example for everyone to keep our environment healthy.

By any measure, Lead-acid batteries and the environment are one of the environmental success stories of our lifetime. More than 98 percent of all battery Lead and plastic is recycled, making the Lead-Acid Battery the recycled Leader of all consumer products.

The life cycle of a Lead-Acid Battery follows a continuous, closed loop. The typical new Lead-Acid Battery is made with 60 to 80 percent recycled Lead and plastic. When a spent battery is collected and returned to a permitted recycler, its Lead and plastic are reclaimed and directed to new battery manufacturing.

Recycled lead is cheaper to produce than virgin lead. Recycled lead takes less than 25% of the energy required to produce lead from ore extraction.

Production of Aluminum alloys and pure Lead and Lead alloys has started successfully and Quality has been established. We are regularly supplying to Luminous, Tudor, TAFE and some auto ancillaries.

**e) Risks and Concerns**

Producers are hit by rising input costs, falling demand and stiff competition from China, where the Govt. Sops for finished goods exports like GI and PPGI is huge. Fresh Capacity additions (JSW 3.2 million tones, Essar 5 million tons) would add to pressure on prices. These are near term issues, long term fundamentals remain strong.

**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. 2,635.24 crores as against Rs. 2,303.70 crores for the corresponding previous year.

Your Company did fairly well on export front and achieved export turnover of Rs.545.12 Crores as compared to Rs. 452.88 Crores for the corresponding previous year registering a growth of 20.36%.

The Financial performance with respect to the Operational performance during the year under review was reasonably good. 26.58% increase in Gross Profit over the Previous Year i.e. from Rs. 45.23 Crores to Rs. 57.25 Crores indicates the same. Your Company achieved Profit after tax of Rs. 32.24 Crores as against that of Rs.25 Crores for the correspondence previous year registering a growth of 28.97%.

Your Company did fair in Agro Segment also during the year under review.

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 558 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 2010-11.

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.

**INCREASE IN THE SHARE CAPITAL**

During the year under review your Company has issued 1,18,97,058 equity shares of Rs. 10/- each at a premium of Rs. 13.65 per share upon conversion of 1,18,97,058 share warrants. After such conversion, the paid up capital of the Company increased from Rs. 3260.30 lacs divided into 3,26,02,942 equity shares of Rs. 10/- each to Rs. 4450.00 lacs divided into 4,45,00,000 equity shares of Rs. 10/- each. The Company has made an application to National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for listing of aforesaid additional equity shares and has received in-principal approval of said listing from BSE. The approval from NSE was awaited.

**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 CEO, CFO 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 Kailashchandra Shakra and Shri Navneet Zalani, Directors retires by rotation and being eligible, offer themselves, for reappointment.

Mr. Rajesh Nema was appointed as an Additional Director by the Board with effect from 17<sup>th</sup> December, 2010 pursuant to section 260 of the Companies Act, 1956 and in terms of the Company's Articles of Association. He shall vacate

office at the ensuing Annual General Meeting. The Company has received a notice under Section 257 alongwith the requisite amount of deposit from a member of the Company notifying his intention to propose the candidature of Mr. Rajesh Nema as a Director of the Company.

Mr. Ashok Sharma was appointed as an Additional Director by the Board with effect from 17<sup>th</sup> December, 2010 pursuant to section 260 of the Companies Act, 1956 and in terms of the Company's Articles of Association. Mr. Ashok Sharma resigned from directorship w.e.f. 19<sup>th</sup> April, 2011. Your Board places on record its appreciation for his contribution and guidance to the Company.

#### **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, 2011 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**

##### **(a) Statutory Auditors :**

M/s Manoj Khatri & Company, Chartered Accountants retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer them selves, 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.

##### **(b) Cost Auditors :**

The Board of your Company has appointed M/s. M. Goyal & Co., Cost Accountants as the Cost Auditor of the Company for financial year 2011-12 pursuant to provisions of Section 233B of the Companies Act 1956. 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.

#### **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.

For and on behalf of the Board

Place : Indore  
Date : 29.05.2011

**Kailashchandra Shahra**  
(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, 2011.**

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	64	Managing Director	85.66	B.E. (Mech), M.S. (USA)	40	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 : 29.05.2011

**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, 2011.**
**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. 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. 54,512 lacs (previous year Rs. 45,288 lacs). The Company has imported certain Components, Spare Parts and Raw Materials. The details of these expenses are as below :

	<b>(Rs. in lacs)</b>	
	<b>31.03.2011</b>	31.03.2010
1. Raw Materials (CIF Value)	<b>23,416.67</b>	42,752.11
2. Plant & Machineries and Consumables	<b>96.29</b>	307.01
3. Traded Goods	<b>32,214.18</b>	33,274.75
4. Expenses towards Travelling, Commission, Interest on Term Loan and Others	<b>173.17</b>	745.35
5. Remittance towards Dividend	<b>220.04</b>	220.04
6. Earnings in Foreign Currency	<b>42,963.97</b>	34,213.56

For and on behalf of the Board

Place : Indore

Dated : 29.05.2011

**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 2011, the Board comprises of 8 (Eight) Directors. The number of Executive Directors is 3 (Three) and remaining 5 (Five) are Non-Executive Directors including 4 (Four) 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 names and categories of the Directors on the Board, their attendance at Board Meeting held during the financial year 2010-11 and at the last Annual General Meeting (AGM), as also the number of Directorship and Committee positions held by them in other Public Limited Companies as on March 31, 2011 are given below :

Name of Director with status	Category*	No. of Board Meetings attended during 2010-11	Whether attended AGM held on 21.09.10	No. of Directorships in other Public Companies	No. of Committee positions held in other Public Companies**		No. of shares held in NSAIL as on 31.03.11
					as Chairman	as Member	
Mr. Kailashchandra Shahra (Chairman)	PD & NED	2	No	6	1	-	-
Mr. Santosh Shahra (Managing Director)	PD & ED	4	Yes	7	1	4	695752
Mr. P.Srikrishna (Executive Director)	ED	3	Yes	-	-	-	-
Mr. Ashok Sharma @ # (Executive Director)	ED	1	NA	2	-	-	-
Mr. Navin Khandelwal	NED & ID	5	Yes	5	2	-	-
Mr. Navneet Zalani	NED & ID	5	No	-	-	-	200
Mr. Veer Kumar Jain	NED & ID	3	No	1	-	2	-
Mr. Rajesh Nema @	NED & ID	2	NA	1	-	-	-

\* 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. Rajesh Nema and Mr. Ashok Sharma were appointed as director of the Company on 17.12.2010.

# Mr. Ashok Sharma was director of the Company upto 19.04.2011.

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

29.05.2010	14.08.2010	13.11.2010	14.02.2011	28.03.2011
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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 2010-11 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, 2011 are as follows:

Directors	Business relationship with NSAIL	Sitting Fees	Salary and perquisites	Total
Mr. Kailashchandra Shahra	Chairman Promoter Director	8,000	Nil	8,000
Mr. Santosh Shahra	Managing Director Promoter Director	N.A.	95,04,974	95,04,974
Mr. P.Srikrishna	Executive Director	N.A.	28,93,600	28,93,600
Mr. Ashok Sharma @ #	Executive Director	N.A.	4,18,539	4,18,539
Mr. Navin Khandelwal	None	18,000	Nil	18,000
Mr. Navneet Zalani	None	18,000	Nil	18,000
Mr. Veer Kumar Jain	None	6,000	Nil	6,000
Mr. Rajesh Nema @	None	4,000	Nil	4,000

@ Mr. Rajesh Nema and Mr. Ashok Sharma were appointed as director of the Company on 17.12.2010.

# Mr. Ashok Sharma was director of the Company upto 19.04.2011.

### Service Contracts, Severance Fees and Notice Period

Period of Contract of Managing Director and Executive Director is five years w.e.f. 01.07.2006. The Board has recommended for their reappointment, subject to approval of members, for a further period of five years w.e.f. 01.07.2011 as per terms and conditions provided in the Explanatory statement to the Notice. 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 2011 and the attendance of each member of the Committee during the Financial Year 2010-11 is given below:

During the Financial Year 2010-11, four meetings of the Audit Committee were held, one of which was for review of Annual Accounts. The meetings were held on 29.05.2010, 14.08.2010, 13.11.2010 and 14.02.2011. 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	4
Mr. Kailashchandra Shakra	Member	Non-executive Director	Industrialist	2
Mr. Navneet Zalani	Member	Non-executive and Independent Director	Service	4

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

The Audit Committee was reconstituted by the Board of Directors in their meeting held on 14.02.2011 by introducing name of Mr. Ashok Sharma in place of Mr. Kailashchandra Shakra. The Audit Committee was further reconstituted due to resignation of Mr. Ashok Sharma from directorship of the Company. The present members of the Audit Committee are as under :

Mr. Navin Khandelwal : Chairman  
Mr. Navneet Zalani : Member  
Mr. Rajesh Nema : Member

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)/ Head of Finance and Accounts, 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 2011 and the attendance of each member of the Committee during the Financial Year 2010-11 is given below. During the Financial Year 2010-11, four meetings of the Shareholders' / Investors' Grievance Committee were held on 29.05.2010, 14.08.2010, 13.11.2010 and 14.02.2011.

Name	Status	Category	No. of Committee Meetings attended
Mr. Navin Khandelwal	Chairman	Non-executive and Independent Director	4
Mr. P. Srikrishna	Member	Executive Director	4
Mr. Navneet Zalani	Member	Non-executive and Independent Director	4

The Company Secretary is the Compliance Officer and acts as the Secretary of the Shareholders'/ Investors' Grievance Committee.

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 2010-11 were 17 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	10	-	-	-	10
Non-receipt of Share Certificates	1	-	-	-	1
Non-receipt of Dividend Warrants	6	-	-	-	6
Dematerialization & Rematerialization	-	-	-	-	-
<b>Total</b>					<b>17</b>

The complaints were replied to the satisfaction of the shareholders.

Total numbers of physical transfer of shares during the year 2010-11 were 31,150 as compared to 13,685 during the year 2009-10.

#### 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
30.09.2008 (22 <sup>nd</sup> AGM)	03.00 P.M.	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018	-
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
21.09.2010 (24 <sup>th</sup> AGM)	10.30 A.M.	---- do ----	-

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

The contractual tenure of office of Mr. Santosh Shahra, Managing Director and Mr. P. Srikrishna, Executive Director of the Company is upto 30<sup>th</sup> June, 2011. The Board of Directors has recommended for their reappointment subject to approval of members in ensuing Annual General Meeting for a further period of five years w.e.f. 1<sup>st</sup> July, 2011.

Mr. Kailashchandra Shahra and Mr. Navneet Zalani, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

In pursuance of Section 260 of the Companies Act, 1956 and Articles of Association of the Company Mr. Rajesh Nema, who was appointed as Additional Director of the Company on 17<sup>th</sup> December, 2010 shall hold office only upto ensuing Annual General Meeting. Since his term of office expires at ensuing Annual General Meeting, he is eligible for appointment and the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Act.

In pursuance of Section 260 of the Companies Act, 1956 and Articles of Association of the Company Mr. Ashok Sharma, was appointed as Additional Director of the Company on 17<sup>th</sup> December, 2010. He resigned from directorship w.e.f. 19<sup>th</sup> April, 2011.

- a) Mr. Santosh Shahra, 64 years of age is BE (Mech), MS (USA). He has over 40 years Industrial and Management experience. He started his career as Managing Director of Nutrela Marketing Pvt. Ltd. (Erstwhile Ruchi Private Limited). He is marketing wizard and has done pioneer work in developing Soya foods. He joined National Steel and Agro Industries Limited (NSAIL) as Managing Director in the year 1986 and under his guidance and management NSAIL has come to a significant level in the map of the India and world. He has got clear foresight to venture in to areas of long terms stability and growth.

He is also on board of the following Companies:

S.No.	Company in which outside directorship held as on 31.03.2011	Chairman / Member of	
		Audit Committee	Shareholders'/ Investors' Grievance Committee
1.	Ruchi Power and Steel Ind. Ltd.	Member	---
2.	Ruchi Integrated Steels (I) Ltd.	Member	---
3.	Ruchi Power Corporation Ltd.	Chairman	---
4.	NSIL Finance Ltd.	---	---
5.	NSIL Exports Ltd.	---	---
6.	NSIL Power Ltd.	Member	---
7.	NSIL Infotech Ltd.	Member	---
8.	Nutrela Marketing Pvt. Ltd.	---	---
9.	Shahra Brothers Pvt. Ltd.	---	---
10.	Shahra Estate Pvt. Ltd.	---	---
11.	Shriyam Industries Pvt. Ltd.	---	---
12.	Ritu Technology Pvt. Ltd.	---	---
13.	Sadeepan Infraprojects Pvt. Ltd.	---	---

- b) Mr. P. Srikrishna, 60 years of age is M.Tech with over 37 years of experience in Steel Industry. He started his career in 1974 as an Engineer with Rourkela Steel Plant of Steel Authority of India Limited and worked there for 13 years at different positions upto level of Dy. Manager CRM (F) Operation. He has also presented papers at Annual Technical Meeting of Indian Institute of Metals and in Seminar on Quality and Marketability aspects of Flat products. In 1987 he joined NSAIL as Chief Manager (Production) and at present holding a position of Executive Director of the Company. He is not on the Board of any other Company.
- c) Mr. Kailashchandra Shahra, 72 years, is a Commerce & Law Graduate and having over 44 years industrial experience. He has been awarded UDYOG RATNA award by Chief Minister of the Madhya Pradesh for his contribution to the Economic Development of the State. He is founder of SOPA and National Board of Trade (NBOT) at Indore.

He is also on board of the following Companies:

S.No.	Company in which outside directorship held as on 31.03.2011	Chairman / Member of	
		Audit Committee	Shareholders'/ Investors' Grievance Committee
1.	Ruchi Soya Industries Limited	---	Chairman
2.	Anik Industries Limited	---	---

S.No.	Company in which Outside Directorship held as on 31.03.2011	Chairman / Member of	
		Audit Committee	Shareholders' / Investors' Grievance Committee
3.	Ruchi Strips & Alloys Limited	---	---
4.	National Board of Trade Limited	---	---
5.	Indian Steel Corporation Limited	---	---
6.	Shahra Brothers Pvt. Ltd.	---	---
7.	Revati Cements Pvt. Ltd.	---	---
8.	Federation of Indian Commodity Exchanges	---	---
9.	Shahra Sons Pvt. Ltd.	---	---
10.	Mahadeo Shahra and Sons Pvt. Ltd.	---	---

- d) Mr. Navneet Zalani, 66 years, is B.Sc. Engineering (Mech.) and has over 44 years Industrial Experience. He held senior management positions with technical, maintenance and project management functions in International Oil Companies such as ESSO Refinery (now Hindustan Petroleum), Mumbai and Maraven S.A. Refinery in Venezuela (successors to Shell International). He also worked with Tata Projects Limited, Mumbai. He is not on the Board of any other Company.
- e) Mr. Rajesh Nema, 54 years, is B.Sc. Graduate and holds Diploma in Printing Technology. He has been awarded by Mother India International Award. He was also the President of Indore Master Printers Association for the period of 4 years. Mr. Rajesh Nema is Technical Director of Pragati Graphics Pvt. Ltd. since the year 1981 and has sound and through knowledge of latest printing techniques of the world. He is also a partner of Color Print and has experience of plastic industry too. He is not holding any equity shares of NSAIL.

He is also on board of the following Companies:

S.No.	Company in which outside directorship held as on 31.03.2011	Chairman / Member of	
		Audit Committee	Shareholders' / Investors' Grievance Committee
1.	National Board of Trade Limited	---	---
2.	Argentum Enterprises Pvt. Limited	---	---
3.	Jawsons Enterprises Pvt. Limited	---	---
4.	Shreeji Emballage Pvt. Limited	---	---
5.	Pragati Overseas Pvt. Limited	---	---
6.	Pragati Schutzen Pvt. Limited	---	---

- f) Mr. Ashok Sharma, 54 years, is a Chartered Accountants. He is a result driven versatile professional with over 30 years of extensive experience in Finance & Accounts as well as Commercial Operations. Since 1986 he is associated with NSAIL. He has been on the Board of the Company from 17.12.2010 to 19.04.2011. Presently he is with NSAIL as President. He is on the Board of NSIL Exports Ltd.

## 8. Disclosures

- a) 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.

- b) 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.
- c) The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.
- d) The Company adopted the code of internal procedures and conduct framed under the SEBI (Prohibition of Insider Trading) Regulation, 1992, as amended which, inter alia, prohibited the trading in shares by an 'insider' when in possession of unpublished price sensitive information.

#### 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

##### a) Annual General Meeting :

- Date and Time : 28<sup>th</sup> September, 2011 at 12.00 Noon
- 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

##### b) Financial Calendar

- Year ending : March 31
- AGM : Between July - September

##### c) Date of Book Closure : 23.08.2011 to 25.08.2011.

##### d) 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, 2011.

##### e) 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)

The Listing Fee for the financial year 2011-12 has been paid to NSE and BSE.

**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 2010	30.20	22.80	30.00	23.00
May 2010	29.00	24.15	28.95	24.00
June 2010	30.20	22.55	30.50	26.25
July 2010	32.75	27.40	32.90	28.50
August 2010	33.00	27.60	32.90	27.20
September 2010	32.90	28.00	33.00	28.05
October 2010	30.60	26.40	31.00	26.60
November 2010	30.00	20.50	30.00	22.25
December 2010	27.60	18.00	26.35	18.10
January 2011	24.90	18.35	25.00	19.00
February 2011	22.30	15.10	21.20	16.55
March 2011	22.90	18.60	22.70	19.00

**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, 2011**

Slab of Shareholding	Shareholders	%	Rs. in lacs	%
1 - 250	19,248	65.22	238.66	5.36
251 - 500	6,061	20.54	235.11	5.28
501 - 1,000	2,510	8.50	205.26	4.61
1,001 - 2,000	867	2.94	134.36	3.02
2,001 - 3,000	250	0.85	65.80	1.48
3,001 - 4,000	99	0.33	35.96	0.81
4,001 - 5,000	123	0.42	58.27	1.31
5,001 - 10,000	179	0.61	133.48	3.00
10,001 and above	174	0.59	3,343.10	75.13
<b>Total</b>	<b>29,511</b>	<b>100.00</b>	<b>4,450.00</b>	<b>100.00</b>

**Categories of Shareholders as on 31<sup>st</sup> March, 2011**

Category	No. of Shares held	% of Shareholding
<b>A. Promoter's holding</b>		
1 Promoters	1,96,76,216	44.22
<b>Sub Total (1)</b>	<b>1,96,76,216</b>	<b>44.22</b>
<b>B. Non Promoter's holding</b>		
2 Institutional Investors		
a. Mutual Funds and UTI	65,500	0.15
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. / Non-Govt. Institutions)	6,44,498	1.45
<b>Sub Total (2)</b>	<b>7,09,998</b>	<b>1.60</b>
3 <b>Others</b>		
a. Private Corporate Bodies	92,31,221	20.74
b. Indian Public	1,43,42,992	32.23
c. NRIs/ Non Resident Incorporated Entities	5,23,891	1.18
d. Clearing Members	15,682	0.03
<b>Sub Total (3)</b>	<b>2,41,13,786</b>	<b>54.18</b>
<b>Grand Total (1+2+3)</b>	<b>4,45,00,000</b>	<b>100.00</b>

**i) Dematerialisation of shares :**

1,83,27,089 Equity Shares of the Company representing 41.18% of the Company's Share Capital are dematerialised as on 31<sup>st</sup> March, 2011 as compared to 1,75,59,129 Equity Shares (39.46% of total number of shares) as on 31<sup>st</sup> March, 2010 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

**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 31st March 2011, 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 : 29.05.2011

**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, 2011 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

Place : Indore  
Dated : 29.05.2011

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

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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, 2011 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, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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, 2011;
    - (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 flows for the year ended on that date.

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

Place : Indore  
Dated : 29.05.2011

**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 UP VAT Act aggregating to Rs. 13.10 lacs pending before The Joint Commissioner (Appeals) Commercial Tax, Gaziabad pertaining to period 2008-09 and 2009-10. In respect of Entry Tax aggregating to Rs. 136.76 lacs are pending before Dy. Commissioner Commercial Tax (Appeals), Bhopal pertaining to period 2004-05 and 2007-08 & Rs. 23.88 lacs related with State case are pending at MP Commercial Tax Appellate Board, Bhopal pertaining to period 2004-05 & 2005-06.
- 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 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 made preferential issue of 1,18,97,058 equity shares of Rs. 10/- each at a premium of Rs. 13.65 per share upon conversion of 1,18,97,058 share warrants 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 : 29.05.2011

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



**BALANCE SHEET AS AT 31st MARCH, 2011**

	Schedule	As At 31.03.2011 (Rs. in lacs)	As At 31.03.2010 (Rs. in lacs)
<b>SOURCES OF FUNDS</b>			
SHARE HOLDERS' FUNDS			
Share Capital	'01'	9,951.02	9,464.73
Reserves & Surplus	'02'	15,329.93	10,739.38
Total Shareholders' Fund		25,280.95	20,204.11
LOAN FUNDS			
Secured Loans	'03'	26,025.32	22,769.47
Unsecured Loans	'04'	6,458.07	6,090.22
Total Loan Fund		32,483.39	28,859.69
Deferred Tax Liability	'05'	3,336.88	3,453.41
	<b>TOTAL</b>	<b>61,101.22</b>	<b>52,517.21</b>
<b>APPLICATION OF FUNDS</b>			
FIXED ASSETS			
Gross Block	'06'	39,603.02	37,692.56
Less: Depreciation		20,707.26	18,927.49
		18,895.76	18,765.07
Add : Capital Work in Progress		1,221.45	764.31
Net Block		20,117.21	19,529.38
INVESTMENTS	'07'	279.40	279.40
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	'08'	47,899.93	41,486.56
Sundry Debtors	'09'	31,376.39	27,328.54
Cash and Bank Balance	'10'	6,001.21	3,759.10
Loans and Advances	'11'	6,310.97	3,528.68
		91,588.50	76,102.88
Less : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	'12'	50,473.06	43,137.01
Provisions	'13'	410.83	257.44
		50,883.89	43,394.45
NET CURRENT ASSETS		40,704.61	32,708.43
	<b>TOTAL</b>	<b>61,101.22</b>	<b>52,517.21</b>
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 : 29.05.2011

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

For and on behalf of the Board

**Kailashchandra Shahra**  
(Chairman)

**Santosh Shahra**  
(Managing Director)

Place : Indore  
Dated : 29.05.2011



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

	Schedule	Year ended 31.03.2011 (Rs. in lacs)	Year ended 31.03.2010 (Rs. in lacs)
<b>INCOME</b>			
Sales and Other Income	'14'	2,64,408.23	2,31,230.71
Less : Excise Duty		9,646.30	7,160.92
Net Sales		2,54,761.93	2,24,069.79
Increase in Stock	'15'	6,177.20	6,867.82
	<b>TOTAL : A</b>	<b>2,60,939.13</b>	<b>2,30,937.61</b>
<b>EXPENDITURE</b>			
Cost of Materials	'16'	2,30,034.38	2,01,800.76
Manufacturing, Selling, Administrative & Other expenses	'17'	14,645.84	14,890.74
Employees' Remuneration & Benefits	'18'	2,764.69	2,114.70
Interest & Finance Charges	'19'	7,768.78	7,608.34
Depreciation		1,782.63	1,773.63
	<b>TOTAL : B</b>	<b>2,56,996.32</b>	<b>2,28,188.17</b>
<b>Profit/Loss for the year (A-B)</b>		<b>3,942.81</b>	<b>2,749.44</b>
Income/(Expenses) relating to prior Period (Net)		(4.99)	(17.03)
<b>Profit/Loss before Tax</b>		<b>3,937.82</b>	<b>2,732.41</b>
Provision for :-			
Income Tax/Adjusted for earlier years (Net)		829.71	300.18
Deferred Tax Liabilities/(assets)		(116.53)	(68.20)
Wealth Tax		0.60	0.77
<b>Profit/Loss after Tax</b>		<b>3,224.04</b>	<b>2,499.66</b>
Balance brought forward from previous year		5,146.30	2,904.08
		<b>8,370.34</b>	<b>5,403.74</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>8,112.90</b>	<b>5,146.30</b>
		<b>8,370.34</b>	<b>5,403.74</b>
Weighted average number of Equity Shares outstanding during the year (in lacs)		327.33	326.03
Nominal value of shares (in Rs.)		10	10
Basic and Diluted Earning Per Share (in Rs.)		9.06	6.88
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 : 29.05.2011

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

For and on behalf of the Board

**Kailashchandra Shahra**  
(Chairman)

**Santosh Shahra**  
(Managing Director)

Place : Indore  
Dated : 29.05.2011

**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT AND  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2011**

	As At <b>31.03.2011</b> (Rs. in lacs)	As At 31.03.2010 (Rs. in lacs)		
<b>SCHEDULE '1' SHARE CAPITAL</b>				
<b>Authorized :</b>				
4,45,00,000 Equity Shares of Rs.10/- each (Previous Year 4,45,00,000 Equity Shares of Rs. 10/- each)	<b>4,450.00</b>	4,450.00		
55,50,000 4% Redeemable Cumulative Preference Shares of Rs. 100/- each (Previous Year 55,50,000 4% Redeemable Cumulative Preference Shares of Rs. 100/- each)	<b>5,550.00</b>	5,550.00		
<b>TOTAL</b>	<b>10,000.00</b>	10,000.00		
<b>Issued :</b>				
4,45,00,000 Equity Shares of Rs.10/- each (Previous Year 3,26,02,942 Equity Shares of Rs. 10/- each)	<b>4,450.00</b>	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)	<b>5,501.02</b>	5,501.02		
<b>TOTAL</b>	<b>9,951.02</b>	8,761.32		
<b>Subscribed and Paid up :</b>				
(A) 4,45,00,000 Equity Shares of Rs.10/- each (Previous year 3,26,02,942 Equity Shares of Rs. 10/- each)	<b>4,450.00</b>	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	<b>0.00</b>	703.41		
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)	<b>5,501.02</b>	5,501.02		
<b>TOTAL</b>	<b>9,951.02</b>	9,464.73		
	As At 01.04.2010 (Rs. in lacs)	Transfer/ Deduction	Additions	As At <b>31.03.2011</b> (Rs. in lacs)

**SCHEDULE '2' RESERVES & SURPLUS**
**a. Capital Reserve**

i) Capital Subsidy	32.67	0.00	0.00	<b>32.67</b>
ii) Equity Share Premium	4,333.39	0.00	1,623.95	<b>5,957.34</b>

**c. General Reserve**

1,227.02	0.00	0.00	<b>1,227.02</b>
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**d. Profit & Loss Account**

5,146.30	0.00	2,966.60	<b>8,112.90</b>
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<b>TOTAL</b>	<b>10,739.38</b>	<b>0.00</b>	<b>4,590.55</b>	<b>15,329.93</b>
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	<b>As At 31.03.2011 (Rs. in lacs)</b>	As At 31.03.2010 (Rs. in lacs)
<b>SCHEDULE '3' SECURED LOANS</b>		
<b>Term Loans :</b>		
From Financial Institutions	<b>11,463.66</b>	11,091.98
<b>Other Loans :</b>		
Cash Credit/Post Shipment Credits/Packing Credits from Banks	<b>14,561.66</b>	11,677.49
<b>TOTAL</b>	<b>26,025.32</b>	22,769.47

**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.

	<b>As At 31.03.2011 (Rs. in lacs)</b>	As At 31.03.2010 (Rs. in lacs)
<b>SCHEDULE '4' UNSECURED LOANS</b>		
From Banks	<b>6,458.07</b>	6,090.22
<b>TOTAL</b>	<b>6,458.07</b>	6,090.22
<b>SCHEDULE '5' DEFERRED TAX LIABILITY</b>		
Deferred Tax Liability for earlier years	<b>3,453.41</b>	3,521.61
Add/(Less) : Provision for the year	<b>(116.53)</b>	(68.20)
<b>TOTAL</b>	<b>3,336.88</b>	3,453.41

**SCHEDULE '6' FIXED ASSETS (Rs. in lacs)**

S. No.	Name of Assets	GROSS BLOCK (AT COST)			DEPRECIATION				NET BLOCK		
		As at 01.04.2010	Additions during the year	Deductions during the year	As at 31.03.2011	Up to 31.03.2010	For the Year	Written Back	Up to 31.03.2011	As at 31.03.2011	As at 31.03.2010
1	Land	1,074.67	858.18	0	1,932.85	0	0	0	0	1,932.85	1,074.67
2	Buildings	4,360.92	357.00	0	4,717.92	1,207.11	142.48	0	1,349.59	3,368.33	3,153.81
3	Plant & Machinery	31,163.12	663.60	0	31,826.72	17,191.48	1,548.98	0	18,740.46	13,086.26	13,971.64
4	Furniture & Fixtures	350.09	2.04	0	352.13	155.47	21.31	0	176.78	175.35	194.62
5	Office Equipments	142.79	5.93	0	148.72	48.91	6.70	0	55.61	93.11	93.88
6	Computers	373.03	31.44	0	404.47	233.20	46.69	0	279.89	124.58	139.83
7	Vehicles	227.94	1.27	9.00	220.21	91.32	16.47	2.86	104.93	115.28	136.62
	<b>Total</b>	<b>37,692.56</b>	<b>1,919.46</b>	<b>9.00</b>	<b>39,603.02</b>	<b>18,927.49</b>	<b>1,782.63</b>	<b>2.86</b>	<b>20,707.26</b>	<b>18,895.76</b>	<b>18,765.07</b>
	Previous Year Total	38,976.18	612.96	1,896.58	37,692.56	18,318.86	1,773.63	1,165.00	18,927.49	18,765.07	20,657.35



		(Rs. in lacs)	
		As At 31.03.2011	As At 31.03.2010
<b>SCHEDULE '7' INVESTMENTS (At Cost) LONG TERM</b>			
<b>A. QUOTED</b>			
1.	2,07,500 Equity Shares of Ruchi Soya Industries Ltd. (Market value Rs.2,19,74,250/-)	<b>24.90</b>	24.90
2.	1,00,000 Equity Shares of Anik Industries Ltd. (Formerly M.P. Glychem Industries Ltd.) (Market Value Rs. 42,25,000/-)	<b>25.00</b>	25.00
3.	31,360 Equity Shares of IDBI (Market Value Rs. 44,67,232/-)	<b>25.48</b>	25.48
4.	5850 Equity Share of State Bank of Travancore (Market Value Rs. 43,56,202/-)	<b>3.51</b>	3.51
	<b>TOTAL</b>	<b>78.89</b>	78.89
<b>B. UNQUOTED</b>			
1.	320 Equity Shares of Rs. 10/- each of NSIL Exports Ltd.	<b>0.01</b>	0.01
2.	5000 Equity Shares of M.P. Industrial Parks Ltd.	<b>0.50</b>	0.50
3.	10 Equity Shares of Rs. 10/- each of NSIL Power Ltd.	<b>0.00</b>	0.00
4.	10 Equity Shares of Rs. 10/- each of NSIL Infotech Ltd.	<b>0.00</b>	0.00
5.	13,33,332 Equity Shares of Ruchi Power and Steel Ind. Ltd. (Formerly Mid India Power and Steel Limited)	<b>200.00</b>	200.00
	<b>TOTAL</b>	<b>200.51</b>	200.00
<b>SCHEDULE '8' INVENTORIES</b>			
(As valued and certified by the Management)			
Stock in trade (At lower of cost & net realisable value except realisable by-products which are valued at net realisable value)			
(i)	Raw Materials	<b>12,368.84</b>	12,232.88
(ii)	Finished Goods	<b>19,987.50</b>	14,565.51
(iii)	Scrap	<b>227.88</b>	103.48
(iv)	Stock of Traded Goods	<b>13,886.43</b>	11,081.14
(v)	Work in Process (Transmission Line)	<b>527.82</b>	2,702.30
(vi)	Stores & Spares	<b>799.90</b>	681.62
(vii)	Packing Materials	<b>82.36</b>	78.69
(viii)	Fuel	<b>19.20</b>	40.94
	<b>TOTAL</b>	<b>47,899.93</b>	41,486.56
<b>SCHEDULE '9' SUNDRY DEBTORS (Unsecured)</b>			
Debts outstanding for a period more than six months - Considered Good			
		<b>552.11</b>	120.06
	Considered Doubtful	<b>62.41</b>	55.48
	Others..Considered Good	<b>30,824.28</b>	27,208.48
		<b>31,438.80</b>	27,384.02
	Less: Provision for doubtful debts	<b>62.41</b>	55.48
	<b>TOTAL</b>	<b>31,376.39</b>	27,328.54
<b>SCHEDULE '10' CASH &amp; BANK BALANCES</b>			
i)	Cash in hand	<b>14.14</b>	14.03
ii)	Bank balances with Scheduled Banks		
a)	In Current Accounts	<b>2,798.11</b>	1,199.74
b)	In Fixed Deposits	<b>3,188.96</b>	2,545.33
	<b>TOTAL</b>	<b>6,001.21</b>	3,759.10

**(Rs. in lacs)**

	<b>As At 31.03.2011</b>	As At 31.03.2010
<b>SCHEDULE '11' LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	<b>2,899.13</b>	718.35
Deposits	<b>273.34</b>	293.45
Other Receivables	<b>3,138.50</b>	2,031.19
Advance Income Tax & TDS	<b>667.27</b>	772.20
Less: Provision for Tax deducted per contra	<b>667.27</b>	286.51
<b>TOTAL</b>	<b>6,310.97</b>	3,528.68
<b>SCHEDULE '12' CURRENT LIABILITIES</b>		
Sundry Creditors other than micro & small enterprises	<b>46,633.02</b>	39,431.37
Sundry Creditors of micro & small enterprises	<b>26.41</b>	15.41
Sundry Creditors for Capital Goods	<b>580.42</b>	907.19
Advances from Customers	<b>1,876.79</b>	1,413.85
Other Liabilities	<b>1,304.85</b>	1,266.49
Interest accrued but not due on Loans	<b>51.57</b>	102.70
<b>TOTAL</b>	<b>50,473.06</b>	43,137.01
<b>SCHEDULE '13' PROVISIONS</b>		
For Income Tax	<b>820.67</b>	286.51
Less: Deducted per Contra from advance payment of Tax & TDS	<b>667.28</b>	286.51
	<b>153.39</b>	0.00
For Proposed Dividend	<b>220.04</b>	220.04
For Tax on Dividend	<b>37.40</b>	37.40
<b>TOTAL</b>	<b>410.83</b>	257.44
	<b>Year ended 31.03.2011</b>	Year ended 31.03.2010
<b>SCHEDULE '14' SALES AND OTHER INCOME</b>		
Sales - Manufacturing	<b>1,60,560.77</b>	1,51,439.61
Sales - Trading	<b>1,02,963.73</b>	2,63,524.50
Dividend Received	<b>2.57</b>	2.58
Miscellaneous Sales	<b>145.83</b>	188.00
Other Income	<b>48.63</b>	17.87
Exchange Rate Difference	<b>686.70</b>	651.75
<b>TOTAL</b>	<b>2,64,408.23</b>	2,31,230.71
<b>SCHEDULE '15' INCREASE/(DECREASE) IN STOCK</b>		
Closing Stock : of Finished Goods	<b>19,987.50</b>	14,565.51
of Scrap & Waste	<b>227.88</b>	103.48
of Traded Goods	<b>14,414.25</b>	13,783.44
<b>TOTAL (A)</b>	<b>34,629.63</b>	28,452.43



(Rs. in lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
Less: Opening 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 (B)</b>	<b>28,452.43</b>	21,584.61
<b>Net Increase / (Decrease) in Stock (A-B)</b>	<b>6,177.20</b>	6,867.82
<b>SCHEDULE '16' COST OF MATERIALS</b>		
<b>A. RAW MATERIALS</b>		
Opening Stock	12,232.88	8,694.11
Add: Purchases	1,29,053.04	1,20,575.81
Less: Closing Stock	12,368.84	12,232.88
	<b>1,28,917.08</b>	1,17,037.04
<b>B. PURCHASE OF TRADED GOODS</b>		
	<b>1,01,117.30</b>	84,763.72
<b>TOTAL</b>	<b>2,30,034.38</b>	2,01,800.76
<b>SCHEDULE '17' MANUFACTURING, SELLING ADMINISTRATIVE &amp; OTHER EXPENSES</b>		
Power, Fuel & Electricity	3,819.93	3,714.86
Stores & Spares Consumed	701.46	664.35
Repairs & Maintenance :		
a) Plant & Machinery	100.27	122.15
b) Buildings	26.70	37.46
c) Others	26.16	34.61
	<b>153.13</b>	194.22
Rent, Rates & Taxes	294.46	194.76
Insurance Charges	102.88	47.00
Legal & Professional Charges	111.38	86.80
Travelling Expenses	119.68	111.46
Conveyance Expenses	145.68	81.37
Postage, Telegram & Telephone Expenses	77.80	72.21
Miscellaneous & Other Establishment Expenses	320.44	318.14
Loss on Sale of Fixed Assets	0.55	696.47
Advertisement & Publicity	172.04	75.84
Freight & Cartage Outward	1,895.57	1,930.37
Packing Materials Consumed	1,757.29	1,548.00
Expenses on Exports	4,304.83	4,609.63
Other Selling Expenses	661.80	521.38
Provision for Doubtful Debts	6.92	23.88
<b>TOTAL</b>	<b>14,645.84</b>	14,890.74



	(Rs. in lacs)	
	Year Ended 31.03.2011	Year Ended 31.03.2010
<b>SCHEDULE '18' EMPLOYEE'S REMUNERATION &amp; BENEFITS</b>		
Salary, Wages & Perquisites	<b>2,276.77</b>	1,794.12
Director's Remuneration & Benefits	<b>128.71</b>	118.11
Staff & Labour Welfare	<b>100.91</b>	76.48
Employee's State Insurance	<b>3.34</b>	1.92
Employee's P.F. & E.P.F.	<b>85.61</b>	63.51
Contribution to Group Gratuity Fund	<b>153.32</b>	44.62
Bonus	<b>16.03</b>	15.94
<b>TOTAL</b>	<b><u>2,764.69</u></b>	<u>2,114.70</u>
<b>SCHEDULE '19' INTEREST &amp; FINANCE CHARGES</b>		
On Term Loans	<b>1,057.52</b>	925.42
On Working Capital Limits & Others	<b>7,335.58</b>	7,219.87
Less: Interest Received	<b><u>(624.32)</u></b>	<u>(536.95)</u>
<b>TOTAL</b>	<b><u>7,768.78</u></b>	<u>7,608.34</u>

**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, 2011**

**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 upto 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 / Lead Ingots / Aluminium Ingots )  
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	<b>(Rs. in lacs)</b>	
	<b><u>2010-11</u></b>	<b><u>2009-10</u></b>
a) Outstanding Bank Guarantees	<b>2,443.93</b>	2,932.81
b) Disputed Liabilities not acknowledged as debts	<b>173.74</b>	159.83
c) Estimated amount of contracts remaining to be Executed on Capital Account (net of advance)	<b>2,598.71</b>	288.59

2. Sundry Creditors includes Rs. 38,460 lacs towards acceptances (Previous Year Rs. 29,757 lacs) and Rs. 26.41 lacs (Previous Year Rs. 15.41 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>26.41</b>	15.41
Interest due on (1) above and unpaid as at 31 <sup>st</sup> March	<b>0.05</b>	0.04
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>0.52</b>	0.32
Amount of further interest remaining due and payable in succeeding year	<b>1.89</b>	1.32

3. During the year the Company has paid an amount of Rs. 42.65 lacs as lease rent, charged to Profit & Loss Account (Previous Year Rs. 41.74 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. 528 lacs (Previous year Rs. 2,702.30 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>2010-11</b>	<b>2009-10</b>
Contract revenue recognised as revenue in the period	<b>3,426.67</b>	1,947.08
Contract costs incurred and recognised profits	<b>3,954.49</b>	3,783.69
Advances received	<b>1,675.57</b>	1,303.53
Gross amount due from customers for contract work	<b>527.82</b>	1836.61

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. The Company has allotted 55,00,000 equity shares to Promoter Group and 63,97,058 equity shares to Non Promoter Group aggregating to 1,18,97,058 equity shares of Rs. 10/- each at a premium of Rs. 13.65 per share on conversion of warrants on 28.03.2011.
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 :

	<b>2010-11</b>	<b>2009-10</b>
Employer's Contribution to Provident Fund & F.P.F.	<b>75.22</b>	72.94
Employee's Insurance	<b>2.73</b>	1.92

**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) 2010-11</b>	<b>Leave Encashment (Nonfunded) 2010-11</b>	Gratuity (Funded) 2009-10	Leave Encashment (Nonfunded) 2009-10
<b>I. Reconciliation of opening and closing balances of Defined Benefit Obligation</b>				
Defined Benefit Obligation at beginning of the year	<b>271.01</b>	<b>85.31</b>	233.24	78.32
Current Service Cost	<b>27.05</b>	<b>8.97</b>	26.27	8.18
Interest Cost	<b>21.68</b>	<b>6.82</b>	18.66	6.26
Actuarial (gain)/loss	<b>51.80</b>	<b>17.41</b>	(12.71)	0.91
Cost of Plant Amendment	<b>0.00</b>	<b>0.00</b>	24.15	0.00
Benefits paid	<b>(19.53)</b>	<b>(12.45)</b>	(18.60)	(8.36)
<b>Defined Benefit Obligation at end of the year</b>	<b>352.01</b>	<b>106.06</b>	271.01	85.31
<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>280.15</b>	<b>0.00</b>	193.44	0.00
Expected Return on Plan Assets	<b>22.41</b>	<b>0.00</b>	15.47	0.00
Actuarial Gain/(Loss)	<b>7.95</b>	<b>0.00</b>	5.41	0.00
Employer contribution	<b>144.11</b>	<b>12.45</b>	84.43	8.36
Benefits paid	<b>(19.53)</b>	<b>(12.45)</b>	(18.60)	(8.36)
<b>Fair value of Plan Assets at end of the year</b>	<b>435.09</b>	<b>0.00</b>	280.15	0.00
Total Actuarial Gain/(Loss) Recognized during the year	<b>(43.85)</b>	<b>(17.41)</b>	18.12	0.91

	<b>Gratuity (Funded) 2010-11</b>	<b>Leave Encashment (Nonfunded) 2010-11</b>	Gratuity (Funded) 2009-10	Leave Encashment (Nonfunded) 2009-10
<b>III. Reconciliation of Fair Value of Assets and Obligation</b>				
Fair value of Plan Assets	<b>435.08</b>	<b>0.00</b>	280.14	0.00
Present value of Obligation	<b>352.01</b>	<b>(106.07)</b>	271.01	(85.31)
<b>Amount recognized in Balance Sheet</b>	<b>NIL</b>	<b>(106.07)</b>	NIL	(85.31)

**Note :** In case of gratuity, fair value of plan assets are more than the present value of obligation by Rs. 83.07 lacs ( Previous year 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. a) Expenses required to be recognized during the year as per actuarial certificate**

Current Service Cost	<b>27.05</b>	<b>8.97</b>	26.27	8.18
Interest Cost	<b>21.68</b>	<b>6.82</b>	18.66	6.26
Expected Return on Plan Assets	<b>(22.41)</b>	<b>0.00</b>	(15.47)	0.00
Cost of Plan Amendment	<b>0.00</b>	<b>0.00</b>	24.15	0.00
Actuarial (Gain)/Loss	<b>43.85</b>	<b>17.41</b>	(18.12)	0.91
<b>Net Cost</b>	<b>70.17</b>	<b>33.20</b>	35.49	15.35

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

As per the actuarial certificate net cost required to be recognized in the Profit and Loss Account is Rs. 70.17 lacs (Previous year Rs. 35.49 lacs) but total fund contribution paid to the insurer is Rs. 144.11 lacs (Previous year Rs. 84.43 lacs). Company has recognized total fund contribution as net cost by adopting the conservative approach as the excess fund contribution becomes the property of the trust maintained by the insurer and the Company has no right over that excess contribution.

**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)	8.25%	8.25%	8%	8%
Expected Rate of Return on Plan Assets (Per Annum)	8.25%	8.25%	8%	8%
Rate of Escalation in salary (Per Annum)	7%	7%	7%	7%
Attrition Rate	2%	2%	1%	1%

**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.

As the investment is with the insurance company list of investment is not available so expected return is assumed to be available on risk free investment like PPF.

## 10. Segment Reporting :

### a) Business Segments

(Rs. in lacs)

Particulars	Manufacturing Segment	Trading Segment	Total 31.03.2011	Manufacturing Segment	Trading Segment	Total 31.03.2010
Segment Revenue	1,51,747.00	1,02,963.73	2,54,710.73	1,45,118.44	78,930.90	2,24,049.34
Unallocable Other Income	---	---	51.20	---	---	20.45
Segment Results	10,696.40	2,477.24	13,173.64	9,873.40	1,924.55	11,797.95
<b>Less: Unallocable Expenses :</b>						
Interest & Finance Charges	5,898.26	1,870.52	7,768.78	6,094.11	1,514.23	7,608.34
Other Unallocable Expenses	---	---	1,518.25	---	---	1,477.65
Profit(+) / Loss(-) before Tax	---	---	3,937.82	---	---	2,732.41
Less: Provision for :-						
Income Tax/Adjusted for earlier years (Net)	---	---	829.71	---	---	300.18
Deferred Tax Liabilities/(assets)	---	---	(116.53)	---	---	(68.20)
Wealth Tax	---	---	0.60	---	---	0.77
Profit(+) / Loss(-) after Tax	---	---	3,224.04	---	---	2,499.66
Segment Assets	86,809.07	24,388.32	1,11,197.39	75,454.85	19,612.46	95,067.31
Unallocable Assets	---	---	508.32	---	---	564.95
Segment Liabilities	31,843.69	19,040.20	50,883.89	27,669.83	15,724.62	43,394.45
Unallocable Liabilities	---	---	---	---	---	---
Capital Expenditure	---	---	1,919.46	---	---	612.96
Segment Depreciation	---	---	1,782.63	---	---	1,773.63

### b) Geographical Segments

(Rs. in lacs)

Particulars	31.03.2011	31.03.2010
Domestic Revenue	2,00,198.64	1,78,760.92
Export Revenue	54,512.09	45,288.42

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 :  
 Ruchi Power and Steel Industries Limited  
 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  
 NSIL Finance Limited

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

	<b>31.03.2011</b>		31.03.2010	
	<u>Related Parties</u>		<u>Related Parties</u>	
<b>Nature of Transactions</b>	<b>Referred in 11 A (a)</b>	<b>Referred in 11 A (b)</b>	Referred in 11 A (a)	Referred in 11 A (b)
Purchases/Expenses	<b>31.68</b>	<b>9,775.97</b>	31.68	6,478.56
Remuneration	<b>128.17</b>	---	117.44	---
Sales	---	<b>8,869.49</b>	---	11,454.30
Other Receivables	---	---	---	48.38
Outstanding/payable	---	<b>1,202.14</b>	---	---

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

	<u><b>31.03.2011</b></u>	<u>31.03.2010</u>
Profit after Tax (Rs. in lacs)	<b>3,224.04</b>	2,499.66
Number of Equity Shares (Weighted average)	<b>3,27,33,321</b>	3,26,02,942
Basic / Diluted EPS (Rs.)	<b>9.06</b>	6.88

**(Rs. in lacs)**

	<b>2010-11</b>	2009-10
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- 13. Remuneration to Auditors :**

a) For Audit Fees including Tax Audit (excluding Service Tax)	<b>2.50</b>	2.50
b) For Certification work	<b>1.23</b>	0.67
	<u><b>3.73</b></u>	<u>3.17</u>

- 14. Managerial Remuneration:**

Salary	<b>109.62</b>	98.63
Allowance & Others	<b>8.45</b>	9.37
Providend Fund	<b>10.10</b>	9.43
Sitting Fee	<b>0.54</b>	0.68
	<u><b>128.71</b></u>	<u>118.11</u>

	As At 31.03.2011	As At 31.03.2010
<b>15. (a) Major components of Deferred Tax</b>		
<b>Liabilities :</b>		
Depreciation	3,366.59	3,471.83
<b>Assets :</b>		
Retirement benefits & other	(29.71)	(18.42)
<b>Net Deferred Tax Liability</b>	<b>3,336.88</b>	<b>3,453.41</b>
<b>(b) Deferred Tax charge for the year</b>		
Opening Deferred Tax Liability	3,453.41	3,521.61
Less : Closing Deferred Tax Liability	3,336.88	3,453.41
<b>Deferred Tax charge for the year</b>	<b>(116.53)</b>	<b>(68.20)</b>

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 F.C.	Amount in INR
Covered against Import	12	USD 1,43,07,310.67	63,81,06,055.88
Covered against Export	02	USD 20,00,000.00	8,91,80,000.00
	04	EURO 19,40,512.50	12,25,66,136.29

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

Currency	Payable	Receivable	Net
USD	2,84,87,551.82	1,07,17,485.08	1,77,70,066.74
EURO	0.00	2,90,116.06	2,90,116.06

**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 31.03.2011	As at 31.03.2010
Building, Site Development Expenses	3,30,03,214	1,99,22,291
Plant and Machinery	2,65,46,261	2,58,24,732
Other Fixed Assets	---	1,30,325
Preoperative Expenses	61,10,443	19,70,125
Advance to Suppliers	5,64,85,147	2,85,83,302
<b>TOTAL</b>	<b>12,21,45,065</b>	<b>7,64,30,775</b>

18. Pre-operative Expenditure incurred during the year to the extent of Rs. 655.75 lacs on Metal Projects have been capitalized on pro-rata basis to Plant & Machinery and Buildings.

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

	Unit	Year ended <b>31.03.2011</b>	Year ended 31.03.2010
<b>A) Capacity &amp; Production</b>			
<b>i) Registered Capacity</b>			
G.P. / G.C. Coils / Sheets	MTPA	<b>2,65,000.000</b>	2,65,000.000
C.R. Coils / Sheets	MTPA	<b>4,00,000.000</b>	4,00,000.000
Color Coated Coils / Sheets	MTPA	<b>1,00,000.000</b>	1,00,000.000
Lead Ingots / Lead Alloy Ingots	MTPA	<b>19,500.000</b>	0.000
Aluminium Alloy Ingots	MTPA	<b>9,000.000</b>	0.000
<b>ii) Installed Capacity*</b>			
G.P./G.C. Coils/Sheets	MTPA	<b>2,10,000.000</b>	2,10,000.000
C.R. Coils / Sheets	MTPA	<b>3,00,000.000</b>	3,00,000.000
Color Coated Coils / Sheets	MTPA	<b>90,000.000</b>	90,000.000
Lead Ingots / Lead Alloy Ingots	MTPA	<b>19,500.000</b>	0.000
Aluminium Alloy Ingots	MTPA	<b>9,000.000</b>	0.000
<b>iii) Actual Production</b>			
Galvanised / Coated / Coils / Sheets	M.T.	<b>2,24,460.305</b>	2,24,242.229
G.P. Coils / Sheets ( Jobwork for others)	M.T.	<b>0.000</b>	3,943.488
G.P. Coils / Sheets (Jobwork done by others)	M.T.	<b>34,334.312</b>	68,146.444
Color Coated Coils / Sheets	M.T.	<b>93,435.388</b>	80,097.609
Color Coated Coils / Sheets (Jobwork for others)	M.T.	<b>0.000</b>	2,497.420
C.R. Coils / Sheets	M.T.	<b>2,91,003.304</b>	3,28,270.233
C.R. Coils (Jobwork for others)	M.T.	<b>3,709.765</b>	4,209.310
Aluminium Alloy Ingots	M.T.	<b>1,683.265</b>	0.000
Pure Lead Ingots	M.T.	<b>1,211.406</b>	0.000
Lead Alloy Ingots	M.T.	<b>1,295.550</b>	0.000

*\*As certified by the Management and relied upon by the Auditors, being a technical matter.*

	Year ended 31.03.2011		Year ended 31.03.2010	
	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	25,158.535	12,327.28	23,304.537	11,304.19
Closing Stock	33,264.488	17,739.16	25,158.535	12,327.28
<b>ii) Cold Rolled Strips / Coils</b>				
Opening Stock	6,281.213	2,238.23	10,788.150	4,181.36
Closing Stock	4,726.244	1,983.23	6,281.213	2,238.23
<b>iii) Aluminium / Lead / Others</b>				
Opening Stock	0.000	0.00	0.000	0.00
Closing Stock	300.727	265.11	0.000	0.00
<b>iv) Traded Goods</b>				
Opening Stock	52,408.254	13,783.44	13,920.172	6,026.08
Closing Stock	58,208.963	14,414.25	52,408.254	13,783.44
<b>C) Sales</b>				
Galvanised / Prepainted / Coated Plain / Corrugated Sheets/ Coils, Cold Rolled Coils and Others	3,22,858.153	1,55,122.78	3,71,265.470	1,51,439.61
Aluminium / Lead / Others	4,569.386	5,437.99	0.000	0.00
Traded Goods	4,34,229.881	1,02,963.73	3,16,485.785	78,930.90
		<b>2,63,524.50</b>		<b>2,30,370.51</b>
<b>D) Raw Materials Consumed</b>				
H.R. Coils / C.R. Coils	3,12,751.981	1,09,019.12	3,56,270.069	1,03,868.15
Zinc	13,421.621	15,020.25	13,959.627	13,168.89
Aluminium / Crud Lead / Others	5,088.751	4,877.71	0.000	0.00
		<b>1,28,917.08</b>		<b>1,17,037.04</b>
<b>E) Purchases</b>				
Traded Goods	4,40,753.871	1,01,117.30	3,55,334.401	84,763.72



	Year ended <b>31.03.2011</b> (Rs. in lacs)	%	Year ended 31.03.2010 (Rs. in lacs)	%
<b>F) Value of imported &amp; Indigenous Raw Materials and Stores &amp; Spares Consumed</b>				
<b>i) Raw Materials :</b>				
Imported	<b>52,174.51</b>	<b>40.47</b>	52,643.52	44.98
Indigenous	<b>76,742.57</b>	<b>59.53</b>	64,393.52	55.02
	<b><u>1,28,917.08</u></b>	<b><u>100.00</u></b>	<b><u>1,17,037.04</u></b>	<b><u>100.00</u></b>
<b>ii) Stores &amp; Spares :</b>				
Imported	<b>29.42</b>	<b>4.19</b>	25.11	3.78
Indigenous	<b>672.04</b>	<b>95.81</b>	639.24	96.22
	<b><u>701.46</u></b>	<b><u>100.00</u></b>	<b><u>664.35</u></b>	<b><u>100.00</u></b>
	<b>Year ended 31.03.2011 (Rs. in lacs)</b>		<b>Year ended 31.03.2010 (Rs. in lacs)</b>	
<b>G) Value of Import on CIF basis:</b>				
i) Raw Materials	<b>23,416.67</b>		42,752.11	
ii) Plant & Machinery and Consumables	<b>96.29</b>		307.01	
iii) Traded Goods	<b>32,214.18</b>		33,274.75	
<b>H) Expenditure in Foreign Currency:</b>				
Travelling Expenses, Commission, Interest on Term Loan and Others	<b>173.17</b>		745.35	
<b>I) Remittance in Foreign Currency:</b>				
Dividend on Preference Shares	<b>220.04</b>		220.04	
<b>J) Earnings in Foreign Currency</b>				
(Export of Galvanised/Prepainted/Coated Plain/Corrugated Sheets/Coils, Cold Rolled Coils and Others)	<b>42,963.97</b>		34,213.56	

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 : 29.05.2011

Place : Indore  
Dated : 29.05.2011

**ANNEXURE TO CLAUSE 32 OF THE LISTING AGREEMENT  
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011**

(Rs. in lacs)

	Year ended 31.03.11	Year ended 31.03.10
<b>A. Cash Flow from Operating Activities :</b>		
<b>a) Net Profit/Loss before Tax &amp; Extraordinary Items</b>	<b>3938</b>	2732
Adjustment for :		
Depreciation	<b>1783</b>	1774
Interest	<b>8393</b>	8145
Interest & Dividend Income	<b>(627)</b>	(539)
Profit on Sale of Fixed Assets	<b>0</b>	0
Loss on Sale of Fixed Assets	<b>1</b>	696
<b>b) Operating Profit before Working Capital Changes</b>	<b>13488</b>	12808
Adjustment for :		
Trade and other Receivables	<b>(7166)</b>	(985)
Inventories	<b>(6413)</b>	(10464)
Increase in Trade Payables	<b>7456</b>	3844
<b>c) Cash Generated from Operations</b>	<b>7365</b>	5203
Income Tax Paid (Net)	<b>(1)</b>	(61)
<b>d) Cash Flow before Extraordinary Items</b>	<b>7364</b>	5142
Extraordinary Items	<b>Nil</b>	Nil
<b>Net Cash from Operating Activities (A)</b>	<b>7364</b>	5142
<b>B. Cash Flow from Investing Activities :</b>		
Interest/Dividend received	<b>543</b>	572
Purchase of Fixed Assets including Capital Work-in-Progress	<b>(2377)</b>	(1101)
Sale of Fixed Assets	<b>6</b>	18
<b>Net Cash from Investing Activities (B)</b>	<b>(1828)</b>	(511)
<b>C. Cash Flow from Financing Activities :</b>		
Proceeds from Issue of Share Capital	<b>2110</b>	703
Proceeds from Long Term Borrowings	<b>598</b>	3800
Repayment of Long Term Borrowings	<b>(226)</b>	(718)
Net proceeds from Other Borrowings	<b>3252</b>	(285)
Decrease in Liabilities	<b>0</b>	0
Liability for Capital Goods	<b>(327)</b>	297
Provision for Dividend	<b>(257)</b>	(257)
Interest Paid	<b>(8444)</b>	(8098)
<b>Net Cash from Financing Activities (C)</b>	<b>(3294)</b>	(4558)
<b>D. Net increase/ (decrease) in Cash and Cash equivalent (A+B+C)</b>	<b>2242</b>	73
Cash and Cash equivalent at the beginning of the year	<b>(3759)</b>	(3686)
Cash and Cash equivalent at the end of the year	<b>6001</b>	3759

**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, 2011. 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, 2011.

As per our report of even date attached

For and on behalf of the Board

For **Manoj Khatri & Company**

Chartered Accountants

FRN-011546C

**CA Ashish Jain**

(Partner)

Membership No. 403161

Place : Indore

Dated : 29.05.2011

**Ashok K. Agarwal**

(Company Secretary)

**Kailashchandra Shahra**

(Chairman)

**Santosh Shahra**

(Managing Director)

Place : Indore

Dated : 29.05.2011



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

<b>I Registration Details</b>	<b>(Rs. in lacs)</b>
Registration No.	L 27100 MH 1985 PLC 140379
Balance Sheet Date	31.03.2011
<b>II Capital Raised During the Year</b>	
Public Issue (Issue through Prospectus)	Nil
Rights Issue	Nil
Bonus Issue	Nil
Private Placement (Equity Shares)	1190
<b>III Position of Mobilisation and Deployment of Funds</b>	
<b>Total Liabilities</b>	111985
<b>Total Assets</b>	111985
<b>Sources of Funds</b>	
Paid-up Capital	9951
Reserves & Surplus	15330
Secured Loans	26025
Unsecured Loans	6458
Deferred Tax Liability	3337
<b>Application of Funds</b>	
Net Fixed Assets	20117
Investments	279
Net Current Assets	40705
Misc. Expenditure	---
<b>IV Performance of the Company</b>	
Turnover/Receipt	264408
Total Expenditure	260470
Profit/(Loss) Before Tax	3938
Profit/(Loss) After Tax	3224
Earning Per Share in Rs.	9.06
<b>V Generic Name of Principal Product of Company</b> (As per Monetary Terms)	
i) Item Code No.	7210.49.00/7210.41.00
Product Description	Galvanised Plain/Corrugated Sheets/Coils
ii) Item Code Co.	7209.16-17.30/7209.28.20
Product Description	C.R. Coils/Sheets
iii) Item Code Co.	7210.70.00
Product Description	Color Coated Plain Coils/Sheets
iv) Item Code No.	7210.90.90
Product Description	Color Coated Corrugated/Profile Sheets
v) Item Code No.	7801.10.00
Product Description	Pure Lead Ingots
vi) Item Code No.	7801.99.90
Product Description	Lead Alloy Ingots
vii) Item Code No.	7601.20.10
Product Description	Aluminum Alloy Ingots

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

Place : Indore

Dated : 29.05.2011

**Ashok K. Agarwal**

(Company Secretary)

**Santosh Shahra**

(Managing Director)

Place : Indore

Dated : 29.05.2011

**NOTICE**

NOTICE is hereby given that the **Twenty Fifth Annual General Meeting** of the Company will be held on Wednesday the 28<sup>th</sup> day of September, 2011 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 12.00 Noon 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, 2011.
2. To appoint a Director in place of Mr. Kailashchandra Shahra who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Navneet Zalani 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.

**SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass, with or without modification(s) the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** Mr. Rajesh Nema, Director who was appointed as an additional Director of the Company under Section 260 of the Companies Act, 1956 and as per Article 95 of the Articles of Association of the Company w.e.f. 17<sup>th</sup> December, 2010 and who holds office upto the date of ensuing Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Rajesh Nema as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** Mr. Rajesh Nema, Director of the Company shall be liable to retire by rotation pursuant to Section 256 of the Companies Act, 1956 and Article 105 of the Articles of Association of the Company."

7. To consider and if thought fit, to pass, with or without modification(s) the following resolution as **Special Resolution:**

**"RESOLVED THAT** pursuant to Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act and subject to approval of Financial Institutions and other requisite approvals, if any, the Company hereby approves the re-appointment and terms of remuneration of Mr. Santosh Shahra, Managing Director (CEO) of the Company for a period of five years with effect from 1<sup>st</sup> July, 2011, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Santosh Shahra.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

8. To consider and if thought fit, to pass, with or without modification(s) the following resolution as **Special Resolution:**

**"RESOLVED THAT** pursuant to Sections 198, 269, 309, 311 and other applicable provisions, if any, of the Companies Act, 1956 (the Act), read with Schedule XIII of the Act and subject to approval of Financial Institutions and other requisite approvals, if any, the Company hereby approves of the re-appointment and terms of remuneration of Mr. P. Srikrishna, Executive Director of the Company for a period of five years with effect from 1<sup>st</sup> July, 2011, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting with liberty to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. P. Srikrishna.



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**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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**Registered Office :**

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

By Order of the Board

Place : Indore

Dated : 29.05.2011

**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, 2011 to 25<sup>th</sup> August, 2011 (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.
  7. The Ministry of Corporate Affairs has now permitted Companies to send various notices/documents under the Companies Act, 1956, to its shareholders, through electronic mode. We request the members to go through a letter attached to this notice, support this initiative and register their E-mail addresses with the Company.
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**ANNEXURE TO NOTICE**

**(Explanatory Statement to Special Business pursuant to Section 173(2) of the Companies Act, 1956)**

**ITEM NO. 6**

Section 260 of the Companies Act, 1956 and Article 95 of Articles of Association of the Company provides that any person appointed as the additional Director of the Company can hold office only upto the date of its next Annual General Meeting. Since Mr. Rajesh Nema was appointed as additional Director of the Company w.e.f. 17<sup>th</sup> December, 2010 his term of office expires at ensuing Annual General Meeting. He is eligible for appointment and the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Act.

Mr. Rajesh Nema, Director of the Company shall be liable to retire by rotation pursuant to Section 256 of the Companies Act, 1956 and Article 105 of the Articles of Association of the Company.

Mr. Rajesh Nema shall be a non-executive director. He is not holding any equity shares of the Company.

Accordingly members are requested to approve this resolution.

None of the Directors except Mr. Rajesh Nema is interested in passing of the said resolution.

**ITEM NO. 7**

At the Annual General Meeting held on 25<sup>th</sup> September, 2006, the members of the Company had approved of the appointment and terms of remuneration of Mr. Santosh Shahra as Managing Director of the Company for a period five years from 1<sup>st</sup> July, 2006.

The Board at its meeting held on 29<sup>th</sup> May, 2011, re-appointed Mr. Santosh Shahra as Managing Director for a period of five years from 1<sup>st</sup> July, 2011, subject to the approval of the Shareholders.

Details about Mr. Santosh Shahra are covered in the Corporate Governance Report in pursuance of Clause 49 of the Listing Agreement.

The main terms and conditions relating to the re-appointment of Mr. Santosh Shahra as Managing Director are as follows:

- (1) Period - From **1<sup>st</sup> July 2011 to 30<sup>th</sup> June, 2016.**
- (2) Nature of Duties -  
The Managing Director shall carry out such duties as may be entrusted to him, subject to supervision and control of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors.
- (3)A. Remuneration :  
Salary - Rs. **10,00,000/-** per month with an annual increment of Rs. **1,00,000/-** per month.  
Perquisites - As per rules of the Company subject to ceiling of 100% of Annual Salary.  
Besides above Mr. Santosh Shahra will also be eligible to the following perquisites which shall not be included in the computation of the ceiling of remuneration specified above :
  - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
  - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c) Encashment of leave at the end of the tenure.
- (3)B. Minimum Remuneration :  
Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.
- (4) The terms and conditions of the said appointments may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Managing Director in accordance with Schedule XIII to the Act, or any amendments made hereinafter in this regard.
- (5) The agreement between the Company and Mr. Santosh Shahra as Managing Director may be terminated by either party giving the other party six months' notice.
- (6) If at any time the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director.

In compliance with the provisions of Section 309 read with Schedule XIII of Act, terms of the remuneration specified above are now being placed before the members in General Meeting for their approval.

Mr. Santosh Shahra, Managing Director and Mr. Kailashchandra Shahra who is a brother of Mr. Santosh Shahra are concerned or interested in Item No. 7 of the Notice.

This may be treated as an abstract of the draft Agreement between the Company and Mr. Santosh Shahra as Managing Director in pursuance to the provisions of the Section 302 of the Act.

The resolution regarding the re-appointment of Managing Director at item No. 7 is commended for acceptance by the members.



**ITEM NO. 8**

At the Annual General Meeting held on 25<sup>th</sup> September, 2006, the members of the Company had approved of the appointment and terms of remuneration of Mr. P. Srikrishna as Executive Director of the Company for a period five years from 1<sup>st</sup> July, 2006.

The Board at its meeting held on 29<sup>th</sup> May, 2011, re-appointed Mr. P. Srikrishna as Executive Director for a period of five years from 1<sup>st</sup> July, 2011, subject to the approval of the Shareholders.

Details about Mr. P. Srikrishna are covered in the Corporate Governance Report in pursuance of Clause 49 of the Listing Agreement.

The main terms and conditions relating to the re-appointment of Mr. P. Srikrishna as Executive Director are as follows:

- (1) Period - From 1<sup>st</sup> July 2011 to 30<sup>th</sup> June, 2016
- (2) Nature of Duties -  
The Executive Director shall carry out such duties as may be entrusted to him, subject to supervision and control of the Board of Directors and he shall also perform such other duties and services as shall from time to time be entrusted to him by the Board of Directors.
- (3)A. Remuneration :  
Salary - Rs. 3,00,000/- per month.  
Perquisites - As per rules of the Company subject to ceiling of 100% of Annual Salary.  
The Annual increments, which will be effective from 1<sup>st</sup> April each year, will be decided by Shri Santosh Shahra, Managing Director of the Company.  
Besides above Mr. P. Srikrishna will also be eligible to the following perquisites which shall not be included in the computation of the ceiling of remuneration specified above :
  - a) Contribution to Provident Fund, Superannuation Fund or Annuity Fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961;
  - b) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and
  - c) Encashment of leave at the end of the tenure.
- (3)B. Minimum Remuneration :  
Notwithstanding anything to the contrary herein contained where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary, perquisites and allowances as specified above.
- (4) The terms and conditions of the said appointments may be altered and varied from time to time by the Board as it may, in its discretion, deem fit, within the maximum amount payable to Executive Director in accordance with Schedule XIII to the Act, or any amendments made hereinafter in this regard.
- (5) The agreement between the Company and Mr. P. Srikrishna as Executive Director may be terminated by either party giving the other party three months' notice.
- (6) If at any time the Executive Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Executive Director.

In compliance with the provisions of Section 309 read with Schedule XIII of Act, terms of the remuneration specified above are now being placed before the members in General Meeting for their approval.

Mr. P. Srikrishna, Executive Director is concerned or interested in Item No. 8 of the Notice.

This may be treated as an abstract of the draft Agreement between the Company and Mr. P. Srikrishna as Executive Director in pursuance to the provisions of the Section 302 of the Act.

The resolution regarding the re-appointment of Executive Director at Item No. 8 is commended for acceptance by the members.

By Order of the Board

Place : Indore

Dated : 29.05.2011

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

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

**TWENTY FIFTH 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 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 28<sup>th</sup> day of September, 2011 at 12 Noon 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 25<sup>th</sup> Annual General Meeting of the Company to be held on Wednesday, the 28<sup>th</sup> day of September, 2011 at 12 Noon 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 \_\_\_\_\_ 2011

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>



## NATIONAL STEEL AND AGRO INDUSTRIES LIMITED

Dear Shareholder,

The Ministry of Corporate Affairs, Government of India ("MCA") has, by its circular dated 21<sup>st</sup> April, 2011, announced a "Green initiative in the Corporate Governance" by allowing paperless compliances by Companies. In terms of the said circular, service of notice/documents by a Company to its shareholders required to be made under the provisions of the Companies Act, 1956 can be made through the electronic mode.

In line with the above initiative of the MCA, the Company proposes to send documents such as the Notice of the Annual General Meeting, Audited Financial Statements, Director's Report, Auditor's Report, Postal Ballots etc., henceforth to all its esteemed shareholders, including your good self, in electronic form, through e-mail. To facilitate the same, we request the shareholders holding shares in physical form to register their e-mail id by directly sending the relevant email address alongwith the details such as name, address, folio number, number of shares to the e-mail id **investor\_relations@nsail.com**. Alternatively, you may also write to our Registrar and Share Transfer Agent at the following address :

Sarthak Global Limited  
170/10, R.N.T. Marg, Indore - 452 001 (M.P.)  
Phone : (0731) - 2523545, 2526388  
Fax : (0731) - 2526388

In respect of shares held in electronic form, the email address alongwith DP ID/Client ID and other shareholder details as mentioned above, should be registered by the shareholders with their respective Depository Participants.

Upon registration of the email address, the Company proposes to send notices and documents, in electronic form to such shareholders.

We are sure you would appreciate this welcome initiative taken by the MCA to reduce consumption of paper and thereby, protect the environment. We expect to receive your support and co-operation in helping the Company to contribute its share to the said initiative.

Thanking you,

Yours faithfully,

For **National Steel and Agro Industries Limited**

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