



7th Annual Report

BOARD OF DIRECTORS:

Shri Rajendra V. Shah
 Shri K. C. Thatoi
 Shri Sujal A. Shah
 Shri Babulal M. Singhal
 Shri Anilkumar Pandya
 Shri Piyush Chandarana
 Shri Ambalal C. Patel
 Shri Harshad Shah
 Shri Jethabhai M. Shah
 Shri Tejpal S. Shah

Chairman
 Managing Director

REGISTERED OFFICE:

5/1, Shreeji House,
 B/h.M.J.Library, Ashram Road,
 Ahmedabad-380 006

ADMINISTRATIVE OFFICE:

Block-2221/2222,
 Shah Industrial Estate,
 Sola-Kalol Road, Santej,
 Dist-Gandhinagar-382043

PLANT:

Village Bharapar,
 Tal. Gandhidham
 Dist: Kutch, Gujarat.

AUDITORS :

Talati & Talati
 Chartered Accountants
 Ambica Chambers
 Nr. Old High Court
 Navrangpura
 Ahmedabad – 380 009

BANKERS TO THE COMPANY :

1. Union Bank of India
2. State Bank of India
3. State Bank of Hyderabad

CONTENT	PAGE
1) Notice	2
2) Directors' Report	6-7
3) Management Discussion & Analysis	8-9
4) Corporate Governance Report	10-17
5) Annexure to Director 's Report	18-20
5) Auditors Report	21-24
6) Balance Sheet	25
7) Profit & Loss Account	26
8) Cash Flow Statement	27-28
9) Schedules to Balance Sheet & P/L	29-33
10) Notes to Accounts	34-45

Shareholders are requested to bring their copies of Annual Report at the Annual General Meeting, as the same will not be distributed in the Meeting Hall.



NOTICE

NOTICE is hereby given that Seventh Annual General Meeting of the Members of S.A.L. STEEL LTD. will be held on Friday, the 24th September 2010 at 10.00 a.m. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060, to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2010, Balance Sheet as at that date and Reports of Directors and the Auditors thereon.
2. To appoint Director in place of Shri Ambalal C Patel who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Shri Tejpal S Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Director in place of Shri Harshad M Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and who shall hold office from the conclusion of this Annual General Meeting until, the conclusion of the next Annual General Meeting and to fix their remuneration.

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 Shri Piyush Chandarana who was appointed as an Additional Director by the Board of Directors on 31st October 2009 and who holds office up to the date of this Annual General Meeting of the Company and in respect of whom the Company has received notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

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

"RESOLVED THAT Shri Piyush Chandarana be and is hereby appointed as Director Commercial of the Company and who holds the office for a period of five years from 31st October 2009.

RESOLVED FURTHER THAT in accordance with the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions, if any of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to such approval as necessary, the consent of the company be and is hereby accorded to the appointment of Shri Piyush Chandarana, as Director Commercial of the Company, for a period of 5 (Five) years with effect from 31st October 2009, on the terms and conditions including remuneration as are set out in agreement entered into between the Company and Shri Piyush Chandarana, as approved by Board of Directors in their meeting.

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration and/or agreement subject to the limit specified in Schedule XIII of the Companies Act, 1956 including any statutory modification and re-enactment thereof for the time being in force as may be agreed to between the Company and Shri Piyush Chandarana.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the



purpose of giving effect to this resolution.”

8. To consider and, if though fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**;

“RESOLVED THAT in accordance with the provisions of sections 198,269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to such approval as necessary, the consent of the Company be and is hereby accorded to the re-appointment of Shri Anil Pandya as 'Director-Commercial' for a period of 2 (Two) years with effect from 25th October 2010 on the terms and conditions including remuneration as are set out in agreement entered into between the Company and Shri Anil Pandya.

RESOLVED FURTHER THAT the Board be and is hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration and / or agreement subject to the company not exceeding the limit specified in Schedule XIII of the Companies Act, 1956 including any statutory modification and re-enactment thereof for the time being in force for as may hereafter be made by the Central Government in that behalf from time to time or any amendment thereto as may be agreed to between the Board and Shri Anil Pandya.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary / proper or expedient to give effects to this resolution.”

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND PROXY NEED NOT BE A MEMBER.
The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. All documents referred in the Notice and Explanatory Statement are open for inspection at the Administrative Office of the company on all working days, except Saturday and Sunday between 11.00 a.m. and 4.00 p.m. up to the date of Annual General Meeting.
5. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
6. The Register of Members and Share transfer Books Of the Company will remain closed from Friday, 10th September 2010 to Friday, 24th September 2010 (both days inclusive).
7. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

Place: Ahmedabad
Date: 22nd July 2010

By Order of the Board of Directors

Director

Registered Office:
5/1 Shreeji House,
B/h M.J. Library,
Ashram Road,
Ahmedabad - 380006



ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO.6

Shri Piyush Chandarana was appointed by the Board of Directors as additional Director w.e.f 31st October 2009. He holds office up to the date of the Annual General Meeting. A notice under Section 257 of the Companies Act, 1956 along with required deposit has been received from a member signifying his intention to propose Shri Piyush Chandarana as Director.

Shri Piyush Chandarana is a B.Com., and BBA and is having wide experience of 23 years in various industries.

Your Directors recommend his appointment for your approval.

None of the Directors except Shri Piyush Chandarana is interested in the resolution.

ITEM NO. 7

Shri Piyush Chandarana was appointed by the Board of Directors as Director Commercial w.e.f 31st October 2009.

Shri Piyush Chandarana is a B.Com. and BBA and is having wide experience of 23 years in various industries. He has worked in the field of marketing, product development, production etc. in industries of repute. His experience will help in augmenting commercial activities.

Shri Piyush Chandarana was appointed as Director Commercial w.e.f. 31st October 2009 for a period of five years. The material terms & conditions are as under:-

- a) Monthly Salary : 50,000/- CTC./- (Rs. Fifty thousand Only)
 - : Company will provide accommodation.
 - : Company maintained vehicle with driver.
- b) Minimum Remuneration : In case of absence or in adequacy of profit in any financial year during the terms of Shri Piyush Chandarana as Director Commercial of the company the remuneration as mentioned above shall be payable as the minimum remuneration to him, subject to the limit prescribed under Schedule XIII of the companies Act, 1956 read with other applicable provisions of the said Act.

The appointment and payment of remuneration of Shri Piyush Chandarana is subject to approval of the shareholders under Sections 198,269 and 309 and other applicable provisions, including schedule XIII of the Companies Act, 1956.

The Board recommends the resolution.

None of the Directors except Shri Piyush Chandarana is interested in the resolution.

ITEM NO. 8

Shri Anil Pandya is "Director Commercial" and his term of office expires on 24.10.2010. He is proposed to be reappointed with effect from 25.10.2010 for a period of two years. Shri Anil Pandya is M.Sc. (Life Scis.), Dip. IRE.PM, LL.B. and PGDBM having wide experience in Iron & Steel Industry for 29 years. The material terms & conditions are as under:-

- a) Monthly Salary : 50,000/-(Rs. Fifty Thousand Only)
 - Company maintained car with driver.
- b) Minimum Remuneration : In case of absence or inadequacy of profit in any financial year during the terms of Shri Anil Pandya as Director of the company,

S.A.L. STEEL LIMITED



the remuneration as mentioned above shall be payable as the minimum remuneration to him, subject to the limit prescribed under Schedule XIII of the companies Act, 1956 read with other applicable provisions of the said Act.

The re-appointment of Shri Anil Pandya is subject to approval of the shareholders under Sections 198, 269 and 309 and other applicable provisions, including schedule XIII of the Companies Act, 1956.

The Board recommends the resolution.

None of the Directors except Shri Anil Pandya is interested in the resolution.

Registered Office:

5/1 Shreeji House,
B/h M.J. Library,
Ashram Road,
Ahmedabad - 380006

DATE: 22.07.2010

By Order of the Board

DIRECTOR



7th Annual Report

DIRECTORS' REPORT

To,
The Members,
S.A.L. Steel Ltd.
Ahmedabad.

Your Directors take pleasure in presenting the 7th Annual Report together with the Audited statement of Accounts for the year ended on 31st March 2010.

FINANCIAL RESULTS

Particulars:	(Rs. In lacs)	
	31.03.2010	31.03.2009
1. Turnover	31535.54	42759.71
2. Other Income	574.13	253.03
3. Profit before Dep. Int. & Taxes	4864.56	5333.31
4. Profit before Tax	216.58	113.51
5. Net profit after Tax	82.81	216.34

OPERATIONAL OVERVIEW

Company has performed relatively low in the year 2009-10 mainly on account of low price realization owing to slack market conditions. Company's basic requirement of manganese ore is fully dependent from other States where the prices are very high and also volatile. Further to this cost of transportation is also very high. This has affected the working of the company and on account of this capacity utilization is comparative lower. However, with the proposed joint venture with GMDC for mining of manganese ore would definitely help in availability of raw material as per requirement and at competitive rates. This will give boost to the working of the company in near future.

CORPORATE GOVERNANCE

The Board of Directors supports the broad principles of corporate governance. In addition to the basic governance issues, the Board lays strong emphasis on transparency, accountability and integrity.

Your company has been practicing the principles of good corporate governance over the years.

DIRECTORS

Shri Suresh D Shah ceased to be Director due to his resignation from the Board of the Company w.e.f 31.10.2009. The Board places on record its appreciation for the services rendered by him as Director during their association with the Company. Shri Piyush Chandarana was appointed as Director - Commercial w.e.f. 31.10.2009 for a period of 5 years subject to approval of shareholders.

Shri Ambalal C Patel, Shri Tejpal S Shah and Shri Harshad M Shah retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

PARTICULARS OF THE EMPLOYEES

Particulars of the employees as required under the provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended are not attached with this report since there was no employee who was in receipt of remuneration in excess of limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particular of Employees), Rules 1975.

**CONSERVATION OF ENERGY, R & D TECHNOLOGY ETC.**

As required under section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are annexed as a part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b) that they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profits of the company for that period;
- c) that 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 prevailing the detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

AUDITORS

Statutory Auditors of the Company retires at the conclusion of the ensuring Annual General meeting and being eligible, offer themselves for reappointment. Your Directors recommend their re-appointment.

EXPLANATION PURSUANT TO SECTION 217(3) OF THE COMPANIES ACT, 1956

Explanation to the qualification/remarks of the Auditors' in its report has been dealt in on notes on accounts wherever required.

FIXED DEPOSIT

The Company has not accepted any public deposit during the year under review and no amount against the same was outstanding at the end of the year.

REGULATORY STATEMENT

In conformity with provision of Clause 32 in the Listing Agreement(s) the Cash Flow Statement for the year ended 31.03.2010 is annexed hereto.

The equity shares of your company are listed on the Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited (NSE)

The Company has paid the listing fees for the year 2010-11 to above stock exchanges.

APPRECIATION

Your Directors place on record their sincere appreciation for the valuable support and co-operation received from various government authorities, Stock Exchanges, Financial Institutions and Banks during the year. They also gratefully acknowledge the support extended by the Customers, Suppliers, Shareholders and contribution made by the employees at all level.

For and on behalf of the Board

Date: 22nd July 2010
Place: Ahmedabad

RAJENDRA V.SHAH
Chairman

**MANAGEMENT DISCUSSION AND ANALYSIS****GLOBAL SCENARIO:**

Globally, India is 5th largest producer of crude steel as well as the largest producer of sponge iron. The contribution of iron and steel in India's GDP stands around 2%. Steel is the major raw material for automobiles, construction, consumer durables, and infrastructure sectors. During FY10, finished steel production increased by 4.9% to 56.8 million tonne on the back of just 1.6% increase in the previous year. Consumption of steel rose by 8% during FY10 on account of improved demand from automobile, infrastructure, consumer durables, and housing sector. The country's steel consumption increased to 56.3 million tonne in FY 10 from 52.3 million tonne over the previous year. During FY 10, India witnessed a massive reduction in export demand for steel. Export of finished steel declined by 36.1% to 2.09 million tonne during April December 2009 whereas imports increased by 16.6 % to 5.21 million tonne. To discourage exports and to ensure better availability of raw material for domestic steel producers, the Government increased the export duty on iron ore lumps to 15% from 10% in April 2010.

India's current steel production capacity is 62 million tonne per annum, including both public and private producers. According to the Ministry of Steel by 2011-12, the capacity is expected to touch 124 million tonne per annum on the back of major expansion plans announced by the steel producers. Major investment plans are in the States of Orissa, Jharkhand, Chattisgarh, West Bengal, Karnataka, Gujarat and Maharashtra.

OPPORTUNITY & THREAT

Since Company's basic raw material for both end products, namely, sponge iron and ferro alloys, are mineral ore, same have to be procured from distant places in Orissa and Karnataka and rates are highly volatile, the procurement of said raw material owing to huge transportations cost and volatility in prices may adversely affect the Company's performance. However, with adequate planning which company is exercising, this issue can be taken care of. In addition to this a joint venture with GMDC for mining of manganese ore is on the verge of completion which would tremendously affect viability and working of the company. As regards the power, the Company has its own Captive Power Plant of 45 MW capacity and Company generates Power consistently at reasonable price, not importing from the Gujarat Electricity Board. The reductants Coke & Charcoal is available nearby source and Company is not anticipating any fluctuation in the prices. The Manganese & Chrome Ore, Company is depending on neighboring state like Orissa & Karnataka. However, with the proposed joint venture with GMDC, Company would be in a position to overcome problem of availability of the raw material.

COMPANY'S PERFORMANCE AND KEY HIGHLIGHTS

Company has performed relatively low in the year 2009—2010 by posting the turnover of Rs. 315 crores and Profit before depreciation, interest & tax Rs. 49 crores. Main reason for reduction in turnover and profit was on account of low price realization owing to slack market conditions.

Company produces Sponge Iron, Ferro Alloys, Power & MS & SS Angle. Company produces Sponge Iron of good quality. Out of total production 50% of this product is being consumed in by Shah Alloys Ltd. and remaining 50% is sold to local Steel Industries and neighboring states like Rajasthan, Haryana, Punjab & Himachal Pradesh. Our cost of power is very minimal because of the Captive Power Generation, from the WHRB. Around 15MWH Power is being generated from the Kiln waste gases which helps the running the plant economically.

By product of the Sponge Iron Plant that is Dolochar which is being used to the extent of 25% in the Fluidized Bed Combustion Boiler, which helps in reducing the input cost of the power plant. Further company has a Pellet Plant of 3 Lac tons per annum capacity which is to be Operational very soon with some modifications. After this installation the input cost of feed material will go down and this will ultimately increase the profitability of sponge iron.

Company's capacity of the Ferro Alloys Plant is 60,000 tons per annum. Whatever Ferro Chrome / Ferro Manganese/ Silco Manganese Company produces, that is totally being consumed by Shah Alloys Ltd. for producing Stainless Steel.

Company generates Power 40 MW from our Waste Heat Recovery Boiler & Fluidized Bed Combustion Boiler with economic price. The total power is being used for Captive Consumption. The power genera-



tion from CPP when it is in surplus, Company has sold this power and has been able to reap good profit from sale of power which is again mile stone achieved for the company.

FUTURE OUTLOOK

Indian steel industry has successfully come out of the slowdown that affected its performance during FY09. Globally also there are signs of improvement in economic conditions and firming up of demand and prices. Infrastructure spending by the government would be the major growth driver during the forthcoming year. In the Union Budget of FY11, the proposed allocation of Rs. 1,735.5 billion for rural and urban infrastructural development is expected to provide a boost to steel demand. The surge in demand for automobiles, consumer durables, capital goods, and construction is expected to give further boost for steel sector in near future. However, surging raw material prices is going to be the major challenge in front of the industry. According to the Ministry of Steel, India is expected to become the second largest producer of crude steel in the world by 2015-16.

The Silico Manganese which is being used as an alloying element and deoxidizer in Steel Industries, the requirement will be double by 2015. The present steel production is around 56 million tons and it will be double by 2015, hence the consumption of Ferro Alloys like SiMn will be double. Hence the Ferro Alloys Producers need to gear up for doubling their production and preparing themselves for future challenges to meet the demand.

The present capacity of Ferro Alloys industry is around 3.25 million tons. The demand expected to grow 9.4 Lac tons in 2012 and with export 11.4 Lac tons.

RISK AND CONCERNS

In the normal course of business, the Company is exposed to external risk such as overall demand fluctuations in the market, reduction in market shares for its products due to the impact of competition as well as internal risks such as variations in operational efficiency and cost structure. The Company has integrated and proactive approach to risk the management to ensure that organizational objective are achieved with reasonable predictability and inventory management in the fast changing globally connected business. With changing scenario the company is in process of expanding its product range by adding new manufacturing sections, i.e., Structural Steel Section, Palletizing plant and Rod Mill. This will enhance the market shares of the company. The product proposed to be manufactured by the company is an industrial commodity product susceptible to price volatility/cyclicality. However, the Company is expected to be in a position to control its costs on account of Captive Power plant and nearness to market to finished products.

INTERNAL CONTROL SYSTEM

The Company has adequate internal control procedures commensurate with its size and nature of its business. The objectives of these procedures are to ensure efficient use and protection of the Company's resources, accuracy in financial statements and due compliance of statutes and Company's policies and procedures.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The Board of Directors and management wish to place on record their appreciation of the efforts put in by all employees to achieve good performance.

CAUTIONARY NOTE

The statements forming part of this Report may contain certain forward looking remarks within the meaning of applicable laws and regulations. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performances or achievements.

Significant factors which could make a difference to the Company's operations include domestic and international economic conditions, changes in Government regulations, tax regime and other statutes. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximize stakeholder's value by attracting financial and human capital and efficient performance.

As a responsible corporate citizen, it is the earnest endeavor of the Company to improve its focus on Corporate Governance by increasing accountability and transparency to its shareholders, bankers and customers.

2. BOARD OF DIRECTORS :**COMPOSITION AND CATEGORY**

The Board of Directors has a mix of Executive and Non-Executive Directors. The Board comprises of Five Executive Directors (including Managing Director) and Five Non-Executive Directors including the Chairman of the Board.

None of the Directors on the Board is a member of more than ten Committees and Chairman of more than five Committees across all companies in which they are Directors.

The composition of the Board of Directors, the number of other Directorship and Committee positions held by the Director, of which the Director is a Member/Chairman, are as under:

Name of Directors	Category	Numbers of Board Meetings,		No. of other Directorships held	Committee Memberships held in other companies		Whether Attended last AGM
		held during the year	Attended during the year		as member	as Chairman	
Shri Rajendra V.Shah	Non- Executive Promoter Chairman	6	6	1	1	Nil	Yes
Shri K.C.Thotai	Managing Director	6	6	Nil	Nil	Nil	No
Shri Sujal A. Shah	Non Promoter Executive Director	6	6	Nil	Nil	Nil	Yes
Shri Suresh D. Shah*	Non Promoter Executive Director	6	3	Nil	Nil	Nil	No
Shri Babulal M. Singhal	Non Promoter Executive Director	6	6	Nil	Nil	Nil	No
Shri AnilkumarPandya	Non Promoter Executive Director	6	6	Nil	Nil	Nil	No
Shri Ambalal C. Patel	Non-Executive & Independent	6	5	12	4	2	YES
Shri Tejpal S. Shah	Non-Executive & Independent	6	3	1	Nil	Nil	No.
Shri Harshad Shah	Non-Executive & Independent	6	3	1	1	Nil	No.
Shri Jethalal M. Shah	Non-Executive & Independent	6	5	Nil	Nil	Nil	No.
Shri Piyush Chandrana**	Non Promoter Executive Director	6	2	Nil	Nil	Nil	No.

* Resigned on 31/10/2009

** Appointed on 31/10/2009



BOARD PROCEDURE

The Board meets atleast once a quarter to review the quarterly performance and the financial results. The Board meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director.

To enable the Board to discharge its responsibilities effectively, the members of the Board are briefed at every Board Meeting on the overall performance of the company.

The Minutes of the Board meetings are circulated in advance to all Directors and confirmed at subsequent Meeting. The Minutes of Audit Committee and other Committees of the Board are regularly placed before the Board.

During the financial year ended March 31, 2010, Six Board Meetings were held on 25/04/2009, 27/06/2009, 29/07/2009, 31/10/2009, 29/01/2010 and 12/02/2010. The gap between two Board Meetings did not exceed four months.

3. AUDIT COMMITTEE

The terms of reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956 besides other terms as may be referred to by Board of Directors from time to time.

The Audit Committee comprises of three independent Directors, all of whom are financially literate and have relevant finance and/or audit exposure. The quorum of the Audit Committee is two members or one-third of the members of the Audit Committee, whichever is higher.

During the period under review, four Audit Committee meetings were held.

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

Name of Director	Position	Category	No. of Meetings	Meetings attended
Shri Ambalal C. Patel	Member	Independent Non Executive	4	4
Shri Harshad M. Shah	Member	Independent Non executive	4	3
Shri Jethabhai M. Shah	Chairman	Independent Non executive	4	4

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

4. REMUNERATION COMMITTEE

The remuneration payable to the Executive Directors is fixed by the Board of Directors within the limits approved by the shareholders in terms of the relevant provisions of the Companies Act, 1956 as per recommendations of the Remuneration Committee.

The Remuneration Committee comprises of three independent Non-executive Directors namely Shri Ambalal C. Patel, Shri Harshad M. Shah and Shri Jethabhai M. Shah. Shri Ambalal C. Patel is the Chairman.

**DETAILS OF REMUNERATION TO ALL THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2010.**

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

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

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

Shri Ambalal C. Patel, Shri Harshad M. Shah and Shri Jethabhai M. Shah are Members of the Committee. Shri Ambalal C. Patel is the Chairman.

The Committee is empowered to oversee the redressal of Investors' complaints pertaining to share transfers, non-receipt of annual reports, issue of duplicate certificates and other miscellaneous complaints. The Company as a matter of policy disposes of investor complaints within a span of five working days.

The total number of complaints received were replied to satisfaction of shareholders during the year under review. There were no outstanding complaints as on 31st March, 2010.

6. CODE OF CONDUCT

The Company has adopted a code of conduct for its directors and designated senior management personnel. All the Board members and senior management personnel have agreed to follow compliance of Code of Conduct.

7. GENERAL BODY MEETING**a. Location and time where the Annual General Meetings were held during the last three years:**

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

**Stock Code**

Bombay Stock Exchange Ltd. : 532604
National Stock Exchange of India Ltd. : SALSTEEL
Demat ISIN No. for NSDL and CDSL : INE658G01014

11.6 Stock Market Data

Monthly High and Lows for the period from April' 2009 to March' 2010 on the National Stock Exchange of India (NSE), Mumbai:

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

11.7 Shareholding pattern as on 31st March, 2010

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



11.8 Distribution of shareholding as on 31st March, 2010

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

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

11.10 New/Further Issue: The Company has not issued any Global Depository Receipt/American Depository Receipt/Warrant or any convertible instrument, which is likely to have impact on the Company's equity.

11.11 Plant Locations:

S.A.L. Steel Limited,
Village Bharapar,
Kutch District
Gujarat

11.12 Address for Investor Correspondence:

[1] **Karvy Computershare Private Limited**

"KARVY HOUSE"
46, avenue 4, Street No. 1, Banjara Hills,
Hyderabad – 500 034

[2] **Regd. Office:**

5/1, Shreeji House, B/H. M. J. Library, Ashram Road,
Ahmedabad-380 006.

[3] **Administrative Office:**

Block-2221/2222, Shah Industrial Estate,
Sola-Kalol Road, Santej, Dist-Gandhinagar-382043

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

Pursuant to Clause 49 of the listing agreements with stock exchanges, following information is furnished about the Directors proposed to be appointed/re-appointed:



DECLARATION

I, K.C. Thatoi, Managing Director hereby declares that the Directors and Senior Officer of the Company have exercised their authorities and power and discharged their duties and functions in accordance with requirement of the Code of Conduct as prescribed by the Company and have adhered to the Provisions of the same.

For, **S.A.L Steel Limited**

K. C. Thatoi
Managing Director

Place: Ahmedabad
Date:22-07-2010

CERTIFICATE

To

The Members of S.A.L. Steel Limited

We have examined the compliance of the conditions of Corporate Governance by S.A.L. Steel Limited for the year ended 31st March, 2010 as stipulated in clause 49 of the listing agreement of the Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2010 no investor grievances are pending against the company for the period exceeding one month, as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

PLACE : AHMEDABAD
DATE : 22nd July 2010

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

Umesh Talati
Partner
Membership No: 034834



Chief Executive Officer (CEO) Certification.

I, K. C. Thatoi, Managing Director of S.A.L. Steel Limited, to the best of my knowledge and belief, certify that;

- 1) I have reviewed the balance sheet as at 31st March, 2010 and profit & loss account, and all its schedules and notes on accounts, as well as the cash flow statements and the director's report.
- 2) Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statement that might be misleading.
- 3) Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flow of the Company as of, and for, the periods presented in this report and are in compliance with the existing accounting standards and /or applicable laws and regulations.
- 4) To the best of my knowledge and belief, no transactions entered into by the company during the aforesaid period are fraudulent, illegal or violative of the company's code of conduct.
- 5) I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financials reporting for the company, and I have
 - i) evaluated the effectiveness of the Company's disclosure, controls, and procedures over financial reporting; and
 - ii) disclosed in this report any change in company's internal control over financial reporting that occurred during the company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the company's internal control over financial reporting.
- 6) I have disclosed based on my most recent evaluation wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors,
 - i) All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process summarize and report financial data and have identified for the company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
 - ii) Significant changes in internal controls during the period covered by this report, if any;
 - iii) All significant changes in accounting policies during the period, if any and that the same have been disclosed in the notes to the financial statements.
 - iv) No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the company's internal controls systems.
- 7) I further declare that all board members and senior management personnel have affirmed compliance with the code of conduct during the year under review.

Place:-Ahmedabad
Date:- 22nd July, 2010

K. C. Thatoi
Managing Director



ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

(a) Energy conversion measures taken :-

Your Company gives priority to Energy Conservation. It regularly reviews measures to be taken for Energy Conservation/Consumption and its effective utilization.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:-

Your Company is highly power intensive industry and power is the basic requirements of manufacturing process. In order to reduce the cost per unit for power consumption, the Company has installed 40 MW Captive Power Plant.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :-

The Company is operating 40 MW Captive Power Plant in parallel with GEB grid and with the consumption of own power, your Company saves substantial amount from the same.

(d) Total energy consumption and energy consumption per unit of production:-

(I) Power and Fuel Consumption:		31.03.2010	31.03.2009
1.	Electricity		
a.	Purchased Unit (kwh) Total Amount Rate / Unit (Rs.)	2069920 21223239 10.25	9070968 56431041 6.22
b.	Own Generation		
i)	Through Diesel Generator Unit (kwh) Units per Ltr. of Diesel Oil Cost / Unit (Rs.)	NIL NIL NIL	NIL NIL NIL
ii)	Through Steam Turbine / Generator Unit (MHW) Units per kg. of lignite Cost of Lignite / Unit (Rs.)	NIL NIL NIL	175488 1.86 0.88
2.	Coal (Including Coal Fines) Quantity (Tonnes) Total Cost (Rs.) Average Rate (Rs.)	20881 69345177 3321	83048 311485955 3750
3.	Furnace Oil (Used in the generation of steam) Quantity (K Liters.) Total amount (Rs. Lakhs) Average Rate (Rs.)	NIL NIL NIL	NIL NIL NIL
4.	Others Lignite (Used in the generation of steam) Quantity (Tonnes) Total Cost (Rs. Lakhs) Rate / Unit (Rs.)	157580 298800612 1896	92481 154680688 1673
(II)	Electricity (in unit) Furnace Oil Coal (Specify quality) Others	NIL NIL NIL NIL	NIL NIL NIL NIL



CONSUMPTION PER M.T. OF PRODUCTION:

Particulars of Product

B. TECHNOLOGY ABSORPTION:

(I) Research and Development (R & D)

1.	Specific areas in which R&D carried out by the company.	NIL	NIL
2.	Benefits derived as a result of the above R&D	NIL	NIL
3.	Future plan of action:		
	a) Capital b) Recurring c) Total d) Total R&D expenditure as a percentage of total turnover	NIL	NIL

(II) Technology absorption, adaptation: The research and development & innovation activities has not been carried out by the company.

1.	Efforts, in brief, made towards technology absorption, adaptation and innovation.	NIL	NIL
2.	Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.	NIL	NIL
3.	In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	NIL	NIL
	a) Technology imported b) Year of import c) Has technology has been fully absorbed d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	NIL	NIL

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Rs. in Crores

	31-3-2010	31-3-2009
1) EARNINGS & OUT GO		
a) Foreign Exchange earnings:	NIL	NIL
b) Foreign Exchange out go :	7.43	16.06
2) TOTAL FOREIGN EXCHANGE USED AND EARNED: As per notes on account		

For and on Behalf of the Board

Date: 22nd July, 2010

Place: Ahmedabad

(RAJENDRA V. SHAH)
Chairman

**AUDITORS' REPORT**

**To
The Members
M/S. S.A.L. Steel Limited,
AHMEDABAD**

- 1) We have audited the attached Balance Sheet of **M/S. S.A.L. STEEL LTD.** as at 31st March 2010, and the Profit and Loss Account and also the Cash-flow Statement for the year ended on that date 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 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, as amended by the Companies (Auditors Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') we annex here to a statement on the matters specified in paragraphs 4 & 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:
 - (a) 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;
 - (b) 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 the books;
 - (c) The Balance Sheet, the Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) 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 Act;
Subject to Note No. 4 of Schedule 19 for Non disclosure of Reportable Segments as required under Accounting Standard - 17 'Segment Reporting' issued by the Institute of Chartered Accountants of India. There is no impact on Profit and Loss Account due to non disclosure.
 - (e) On the basis of the written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on March 31, 2010 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - ii) In the case of the Profit and Loss Account, of the profit of the company for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**PLACE : AHMEDABAD
DATE : 22nd July 2010**

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

Umesh Talati
Partner
Membership No: 034834



ANNEXURE TO AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date

- i)** I) a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
- c) According to the information and explanations given to us, Fixed Assets disposed off during the year were not substantial & therefore do not affect the Going Concern assumption.
- ii)** a) As explained to us, inventories (excluding Goods in Transit and Goods lying at Port) were physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on Physical Verification of Inventories as compared with the book records.
- iii)** In respect of Loans, Secured or Unsecured, granted or taken by company to/from companies, firms or other parties covered in the register maintained under section 301 of the Act:
- a) According to information and explanations given to us and on the basis of the records produced before us, the company has not granted any Loan, Secured or Unsecured to the companies or firms or other parties covered in the register maintained under section 301 of the Companies Act 1956 and hence sub-clause b, c & d are not applicable.
- b) According to information and explanation given to us and on the basis of records produced before us the company has taken loan from one company in earlier years, SHAH ALLOYS LIMITED covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 80 Crores and year end balance of loans taken from such party is Rs. 80 Crores.
- c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from company listed in the register maintained under section 301 of the Act are prima facie not prejudicial to the interest of the company.
- d) On the basis of records produced before us and on the basis of information and explanation given to us and as per the revised schedule stipulated for the terms and condition in respect of loans taken by the company, the repayment of the said loan is not due for repayment as on 31st March 2010.
- iv)** In our opinion & according to the information & explanations given to us, there are adequate internal control systems which commensurate with the size of the company & nature of its business for the purchase of inventory, fixed assets & also for the sales of goods and services.



During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls systems.

- v)** a) In our opinion and according to the information & explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- b) In our opinion, and according to information and explanation given to us, the transactions of Purchase of goods, and materials and Sale of goods, materials, Fixed Assets and Services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rupees Five lacs or more in respect of each party, have been made at prices which are reasonable, having regard to the prevailing market prices for such Goods, Materials, Fixed assets and Services or the prices at which the transactions for similar Goods, Materials, Fixed Assets and Services have been made with other parties.
- vi)** The Company has not accepted any deposit from the public during the year.
- vii)** The Company has appointed internal auditors and has carried out internal audit during the year. In our opinion based on the size, nature and extent of the business the internal audit system of the company is commensurate with the size and nature of the business.
- viii)** The Central Government has prescribed maintenance of cost records under section 209 (1) (d) of the Act. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the same.
- ix)** a) *According to the records of undisputed Statutory dues including provident fund, employees State Insurance, Income-tax, Wealth-tax, Service Tax, Sales-tax Customs duties, excise duty, cess and other statutory dues have not been generally regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2010 for a period of more than six months from the date of becoming payable.*
- b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the company has no disputed statutory dues that have not been deposited on account of matters pending before appropriate authorities.
- x)** On the basis of information and explanations given to us and on the basis of records produced before us the company does not have any accumulated loss at the end of the year and has not incurred cash losses in the relevant financial year and in the immediately preceding financial year.
- xi)** *On the basis of information and explanation given to us and on the basis of records produced the company has delayed the payment in respect of interest/installment to the banks and institutions during the year. However, as explained to us, the company has repaid the respective installment/interest so that the accounts of the company with the banks and institutions have remained in order. As per the information given to us, repayments have been delayed generally in a range of 1 day to 91 days from the due date. The total interest payment made by the company with delay is Rs. 1,099 Lacs during the year and delay in total principal installment by the company is Rs. 1,606 Lacs.*



7th Annual Report

- xii)** In our opinion & according to the information & explanation given to us, no loans & advances have been granted by the company on the basis of security by way of pledge of shares, debentures & other securities.
- xiii)** In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society etc.
- xiv)** According to the information & explanations given to us, the company is not dealing or trading in shares, securities debentures & other investments.
- xv)** The company has given guarantee for Rs. 80 Crores in the earlier years for loans taken by Shah Alloys Limited, in our opinion, the terms and conditions on which the company has given guarantee for loans taken by Shah Alloys Limited from banks or financial institutions are prime facie, not prejudicial to the interest of the company.
- xvi)** According to the information & explanations given to us, the term loans have been applied for the purpose for which they have been raised.
- xvii)** *According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company and after placing reliance on the reasonable assumptions made by the company, funds raised on short term basis amounting to Rs.338.31 Lacs have been used for long term purpose.*
- xviii)** During the period covered under audit report the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- xix)** During the period covered under audit report the company has not issued any debentures. Accordingly the provisions of clause (xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- xx)** During the period covered under audit report the company has not raised any money by way of public issue during the year.
- xxi)** According to the information & explanations given to us, no fraud on or by the company has been noticed or reported during the course of our Audit.

**PLACE : AHMEDABAD
DATE : 22nd July 2010**

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

Umesh Talati
Partner
Membership No: 034834



Balance Sheet as at 31st March 2010

	Schedule	As at 31-3-2010 Rupees	As at 31-3-2010 Rupees	As at 31-3-2009 Rupees	As at 31-3-2009 Rupees
(A) SOURCES OF FUNDS					
1. Shareholder's Funds					
a) Share Capital	1	84 96 67 000		84 96 67 000	
b) Reserves and Surplus	2	40 40 94 986	1 25 37 61 986	39 58 13 963	1 24 54 80 963
2. Loan Funds					
a) Secured Loans	3	1 39 43 15 040		1 67 44 74 136	
b) Unsecured Loans	4	81 96 05 111	2 21 39 20 151	81 60 12 095	2 49 04 86 231
3 Deferred Tax Liability (Net) (Refer note No 5 of Sch 19)			8 52 74 637		7 83 95 023
TOTAL			3 55 29 56 774		3 81 43 62 217
(B) APPLICATION OF FUNDS					
1. Fixed Assets					
a) Gross Block	5	2 67 88 45 356		2 67 42 08 905	
b) Less : Depreciation		80 64 92 337		61 08 56 643	
c) Net Block		1 87 23 53 019		2 06 33 52 262	
d) Capital work-in-progress		1 37 67 65 665	3 24 91 18 684	1 27 08 28 845	3 33 41 81 107
2. Investments					
3 Current Assets & Loans & Advances					
a) Inventories	6	71 91 85 056		76 48 74 579	
b) Sundry Debtors	7	10 68 55 504		9 31 49 940	
c) Cash & Bank Balances	8	8 58 78 904		16 85 05 988	
d) Loans & Advances	9	25 49 87 790		20 33 66 174	
		1 16 69 07 254		1 22 98 96 681	
Less : Current Liabilities & Provisions					
a) Current Liabilities	10	86 43 12 010		75 55 47 951	
b) Provisions	11	40 89 907		96 76 473	
		86 84 01 917		76 52 24 424	
Net Current Assets			29 85 05 337		46 46 72 257
4 Miscellaneous Expenditures [to the extent not written off or adjusted]	12		53 32 753		1 55 08 853
TOTAL			3 55 29 56 774		3 81 43 62 217
Significant Accounting Policies					
Notes forming part of Accounts 19					

Schedules refer to herein above form an integral part of
Financial Statement
As per our report of even date attached

For, Talati & Talati
Chartered Accountants
(Firm Reg. No. : 110758W)
Umesh Talati
Partner
M. No 034834

Place:- Ahmedabad
Date :-22/07/2010

For and on behalf of the Board of Directors
of S.A.L. STEEL LIMITED

Rajendra V. Shah Chairman
K. C. Thatoi Managing Director
Sujal A. Shah Director
B. M. Singhal Director
Anilkumar Pandya Director

Place:- Ahmedabad
Date :-22/07/2010

7th Annual Report

Profit And Loss Account For The Year Ended On 31st March 2010

	Schedule	Year Ended on 31-3-2010 Rupees	Year Ended on 31-3-2010 Rupees	Year Ended on 31-3-2009 Rupees	Year Ended on 31-3-2009 Rupees
(A) INCOME					
1	Gross Income from operations	13	3 15 35 53 942	4 27 59 70 630	
	Less :- Excise Duty		16 87 30 039	41 64 43 828	
	Net sales				3 85 95 26 802
2	Increase / (Decrease) in Stocks	14		(6 23 89 070)	10 64 36 432
3	Other Income	15		5 74 13 144	2 53 03 362
	TOTAL		2 97 98 47 977	3 99 12 66 596	
(B) EXPENDITURE					
1	Material Consumed	16	1 77 31 75 880		2 65 70 63 788
3	Manufacturing & Other Expenses	17	72 02 15 622		78 08 71 947
4	Interest & Finance Charges	18	26 87 72 245		35 56 77 432
	TOTAL		2 76 21 63 747	3 79 36 13 167	
(C)	Net Profit before Dep. & Taxation		21 76 84 230		19 76 53 429
(D)	Depreciation		19 60 26 610		18 63 02 479
(E)	Profit before Taxation		2 16 57 620		1 13 50 950
(F)	Provision for Taxation - Current tax		20 00 000		11 00 000
	- Wealth tax		34 000		37 735
	- FBT		0		8 00 000
	- Deferred tax		68 79 614		(1 23 58 449)
	- Short Prov pre for Year W / Off		0		1 37 596
			89 13 614		(1 02 83 118)
(G)	Profit after Tax		1 27 44 006		2 16 34 068
(H)	Prior Period Adjustment (refer note no-16 of Sch 19)		44 62 982		20 19 839
(I)	Profit for the year		82 81 024		1 96 14 229
(J)	Balance brought forward from Previous Year		10 74 82 787		8 78 68 558
	Balance Carried to Balance Sheet		11 57 63 810		10 74 82 787
	Earning per share Basic & Diluted (Nominal ValueRs. 10 Per Share P Y Rs.10 Per Share) (Refer Note No 7 of Schedule 19)		0.10		0.23
	Significant Accounting Policies				
	Notes forming part of Accounts	19			

Schedules refer to herein above form an integral part of Financial Statement
As per our report of even date attached

For, Talati & Talati
Chartered Accountants
(Firm Reg. No. : 110758W)
Umesh Talati
Partner
M. No 034834

Place:- Ahmedabad
Date :-22/07/2010

For and on behalf of the Board of Directors
of S.A.L. STEEL LIMITED

Rajendra V. Shah Chairman
K. C. Thatoi Managing Director
Sujal A. Shah Director
B. M. Singhal Director
Anilkumar Pandya Director

Place:- Ahmedabad
Date :-22/07/2010


CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

(Pursuant to the listing Agreement with Stock Exchange)

	2009-10		2008-2009	
	Rupees	Rupees	Rupees	Rupees
A CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS		2 16 57 620		1 13 50 950
Add:				
Depreciation	19 60 26 610		18 63 02 479	
Debit / Credit Balance W/off	(61 20 641)		1 20 09 931	
Foreign Gain / Loss	(47 30 217)		1 96 93 771	
Financial Cost	26 87 72 245		33 59 83 661	
Preliminary Expenses written off	1 01 76 100		1 01 76 100	
Loss on sale of Fixed Assets	3 24 568		6 12 095	
Interest Income	(55 98 940)	45 88 49 725	(55 07 338)	55 92 70 700
		48 05 07 345		57 06 21 649
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES				
Adjustments for:				
Trade and Other Receivables	(6 53 27 180)		13 41 89 015	
Inventories	4 56 89 523		(4 00 68 471)	
Trade Payables and other liabilities	11 43 22 698		(93 65 80 69)	
		9 46 85 041		4 62 475
CASH GENERATED FROM OPERATIONS		57 51 92 385		57 10 84 124
Less: Income Tax Paid		23 28 347		20 75 331
CASH FLOW BEFORE EXTRA ORDINARY ITEMS		57 28 64 038		56 90 08 793
Add: / (Less): Extraordinary Items		(44 62 982)		(20 19 839)
CASH FLOW FROM OPERATING ACTIVITIES (A)		56 84 01 056		56 69 88 954
(B) CASH FLOW FROM INVESTING ACTIVITIES				
Sale Proceeds of Fixed Assets and investments	18 59 550		13 66 276	
Interest, Rent, Dividend Received	55 98 940		55 07 338	
Purchase of Fixed Assets	(72 11 485)		(8 40 03 886)	
Investment in Capital Work in Progress	(10 59 36 820)		(3 47 76 249)	
CASH FLOW FROM INVESTING ACTIVITIES (B)		(10 56 89 815)		(11 19 06 521)

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010**

(Pursuant to the listing Agreement with Stock Exchange)

	2009-10		2008-2009	
	Rupees	Rupees	Rupees	Rupees
(C) CASH FLOW FROM FINANCING ACTIVITIES				
1) Proceeds from Working Capital Loans		(13 03 01 786)		32 38 31 936
2) Proceeds from Long Term Loans		(13 68 22 802)		(25 20 57 834)
4) Financial Expense		(26 87 72 245)		(33 80 67 824)
5) Proceeds from Vehicles Loans		(1 30 34 509)		2 33 52 083
6) Increase / Decrease in Unsecured Loan		35 93 016		(15 00 00 000)
CASH FLOW FROM FINANCING ACTIVITIES (C)		(54 53 38 325)		(39 29 41 639)
NET INCREASE / DECREASE IN CASH & CASH EQUIVALENTS		(8 26 27 084)		6 21 40 794
Add: Cash & Cash Equivalent in the Beginning of the year		16 85 05 988		10 63 65 194
Add: Cash & Cash Equivalent in the Closing of the year		8 58 78 904		16 85 05 988
CASH & CASH EQUIVALENT AT THE END OF THE YEAR		(8 26 27 084)		6 21 40 794

Schedules refer to herein above form an integral part of Financial Statement

As per our report of even date attached

For, Talati & Talati
Chartered Accountants
(Firm Reg. No. : 110758W)
Umesh Talati
Partner
M. No 034834

Place:- Ahmedabad

Date :-22/07/2010

For and on behalf of the Board of Directors
of S.A.L. STEEL LIMITED

Rajendra V. Shah	Chairman
K. C. Thatoi	Managing Director
Sujal A. Shah	Director
B. M. Singhal	Director
Anilkumar Pandya	Director


SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SCHEDULE : 1 : SHARE CAPITAL		
Authorised Capital	95 00 00 000	95 00 00 000
9,50,00,000 Equity Shares of Rs/- 10 each (P.Y. 9,50,00,000 Equity Shares of Rs. 10/- each)		
Issued subscribed & paid-up Capital		
8,49,66,700 Equity Shares of Rs 10/- each fully paid up (P.Y. 8,49,66,700 Equity Shares of Rs.10/- each fully paid up)	84 96 67 000	84 96 67 000
TOTAL	84 96 67 000	84 96 67 000
SCHEDULE : 2 : RESERVES & SURPLUS		
(a) Security Premium	28 78 20 080	28 78 20 080
(b) General Reserve		
Opening Balance	5 11 096	5 11 096
Add : Addition during the year	0	0
	5 11 096	5 11 096
(c) Surplus in Profit and Loss account	11 57 63 810	10 74 82 787
TOTAL	40 40 94 986	39 58 13 963
SCHEDULE : 3 : SECURED LOANS		
a) Loan From Banks :		
Working Capital Facilities	56 95 79 958	69 98 81 744
Term Loans	79 98 80 288	93 67 03 089
(Refer Note 12 of Schedule 19)		
b) Vehicle Loan :		
From Bank	1 75 59 233	2 67 94 398
From Others	72 95 561	1 10 94 904
Vehicles acquired under the hire purchase scheme are secured against vehicles acquired under the hire purchase agreement		
TOTAL	1 39 43 15 040	1 67 44 74 136
SCHEDULE : 4 : UNSECURED LOANS		
From Directors	24 33 600	24 33 600
Inter-corporate Loans (From the Company under the same Management)	80 00 00 000	80 00 00 000
Deferred Payment Liability in respect of Sales Tax.	1 35 78 495	1 35 78 495
Short Tem Loan from Bank	35 93 016	0
(Refer Note 12 of Schedule 19)		
TOTAL	81 96 05 111	81 60 12 095
SCHEDULE : 6 : INVENTORIES		
(As taken, valued & certified by management)		
(Cost or Net Realisable value whichever is less)		
Stores & Spares	14 49 93 208	17 69 72 136
Raw Materials [Including Goods in Transit and Stock Lying at Port of Rs 21,45,26,137/- (P.Y Rs 3,27,78,210/-)]	30 48 56 272	25 51 70 802
Finished Goods	4 14 50 299	10 83 75 666
Semi-finished Goods	5 00 92 036	6 53 76 743
Wastage	17 77 93 241	15 79 72 237
Fuel	0	10 06 995
TOTAL	71 91 85 056	76 48 74 579

Schedules Forming Part of The Balance Sheet

SCHEDULE : 5 : FIXED ASSETS

Sr. No.	Particulars of Assets	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		Opening Balance as at 01-04-2009 Rs.	Additions During the Year Rs.	Sales/ Adjustments During the Year Rs.	Total as at 31-03-2010 Rs.	Upto 31-03-2009 Rs.	For the Year Rs.	Sales/ Adjustments During the Year Rs.	Total as at 31-03-2010 Rs.	As at 31-03-2010 Rs.	As at 31-3-2009 Rs.
1	Freehold Land	5 22 64 112	0	0	5 22 64 112	0	0	0	0	5 22 64 112	5 22 64 112
2	Factory Building	44 31 32 184	0	0	44 31 32 184	3 94 76 859	1 48 00 614	0	5 42 77 473	38 88 54 711	40 36 55 325
3	Plant and Machinery	2 08 16 77 605	32 66 894	25 75 034	2 08 23 69 465	55 69 22 255	16 94 97 224	3 90 916	72 60 28 563	1 35 63 40 902	1 52 47 55 350
4	Computers	80 68 308	11 06 072	0	91 74 380	10 79 167	13 78 692	0	24 57 859	67 16 521	69 89 141
5	Software (SAP)	98 50 000	16 80 000	0	1 15 30 000	4 07 410	22 44 937	0	26 52 347	88 77 653	94 42 590
6	Office Equipments	29 24 007	2 14 165	0	31 38 172	4 15 695	1 43 968	0	5 59 663	25 78 509	25 08 312
7	Furniture and Fixtures	61 96 300	0	0	61 96 300	12 85 280	3 92 225	0	16 77 505	45 18 795	49 11 020
8	Vehicles	7 00 96 389	9 44 354	0	7 10 40 743	1 12 69 977	75 68 950	0	1 88 38 927	5 22 01 816	5 88 26 412
	SUB-TOTAL	2 67 42 08 905	72 11 485	25 75 034	2 67 88 45 356	61 08 56 643	19 60 26 610	3 90 916	80 64 92 337	1 87 23 53 019	2 06 33 52 262
	PREVIOUS YEAR	2 59 24 95 337	8 40 03 886	22 90 318	2 67 42 08 905	42 48 66 111	18 63 02 479	3 11 947	61 08 56 643	2 06 33 52 262	2 16 76 29 226
	CAPITAL WORK IN PROGRESS									1 37 67 65 665	1 27 08 28 845
	TOTAL									3 24 91 18 685	3 33 41 81 107




SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SCHEDULE : 7 : SUNDRY DEBTORS		
(Unsecured considered good)		
Debts due for a period exceeding six months	3 33 64 617	2 88 75 205
Other Debts (Refer Note 10 of Schedule 19)	7 34 90 887	6 42 74 735
TOTAL	10 68 55 504	9 31 49 940
SCHEDULE : 8 : CASH AND BANK BALANCES		
A) Cash on Hand	34 99 674	46 11 141
B) Balance With Schedule Banks		
-In Current Account	48 70 878	1 87 07 636
-In Deposit Account (Margin Money)	7 75 08 352	14 51 87 212
TOTAL	8 58 78 904	16 85 05 988
SCHEDULE : 9 : LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	6 08 25 962	3 66 26 763
Deposits	1 66 28 050	1 82 41 541
Advances to Suppliers	9 65 58 253	6 87 99 682
Balance with Excise Authorities	3 27 39 490	4 78 68 652
Balance with VAT Authorities (Refer Note 12 of Schedule 19)	4 82 36 035	3 18 29 536
TOTAL	25 49 87 790	20 33 66 174
SCHEDULE : 10 : CURRENT LIABILITIES		
Sundry Creditors		
- Micro Small and Medium Enterprises (Refer Note No 13 of Sch 19)	0	0
- Others	56 06 33 101	51 28 54 604
Advances from Customers	25 73 29 783	18 96 35 200
Statutory Liabilities	1 71 70 928	1 52 59 560
Other Liabilities	1 95 83 204	3 77 98 587
Credit Balance in Current Account with Banks	95 94 994	0
TOTAL	86 43 12 010	75 55 47 951
SCHEDULE : 11 : PROVISIONS		
For Taxation (Net of Advance Tax)	16 09 661	68 20 029
For Gratuity	20 82 822	14 44 084
For Fringe Benefit Tax (Net of Advance Tax)	0	8 00 000
For Leave Encashment	3 63 424	5 74 625
For Wealth tax	34 000	37 735
TOTAL	40 89 907	96 76 473
SCHEDULE : 12 : MISCELLANEOUS EXPENDITURE		
[To the extent not written off or adjusted]		
Preliminary Expenditure		
Opening Balance	1 55 08 853	2 56 84 953
Less:- Written off during the year	1 01 76 100	1 01 76 100
TOTAL	53 32 753	1 55 08 853



7th Annual Report

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year Ended on 31-03-2010 (Rupees)	For the Year Ended on 31-03-2009 (Rupees)
SCHEDULE : 13 : GROSS INCOME FROM OPERATIONS		
a) Manufacturing Sales	2 33 79 47 817	3 72 36 06 692
b) Electricity Distribution Income	60 03 25 596	25 31 83 773
c) Trading Sales	9 54 96 565	9 51 570
d) Excise Duty Claim Received	11 97 83 964	29 82 28 595
TOTAL	<u>3 15 35 53 942</u>	<u>4 27 59 70 630</u>
SCHEDULE : 14 : INCREASE / (DECREASE) IN STOCKS		
A) Closing Stocks		
- Finished Goods	4 14 50 299	10 83 75 666
- Semi-Finished Goods	5 00 92 036	6 53 76 743
- Wastage & By Product	17 77 93 241	15 79 72 237
Sub-Total (A)	<u>26 93 35 576</u>	<u>33 17 24 646</u>
B) Less : Opening Stocks		
- Finished Goods	12 60 84 758	12 74 32 662
- Semi-Finished Goods	4 76 67 651	2 56 27 339
- Scrap	0	34 628
- Wastage & By Product	15 79 72 237	7 21 93 585
Sub-Total (B)	<u>33 17 24 646</u>	<u>22 52 88 214</u>
TOTAL (A-B)	<u>(6 23 89 070)</u>	<u>10 64 36 432</u>
SCHEDULE : 15 : OTHER INCOME		
Interest on FDR [TDS Rs. 8,78,835/- (P.Y. Rs 10,96,519/-)]	55 98 940	55 07 338
Job Work Income [TDS of Rs 7,68,000/- (P.Y. Rs Nil)]	3 84 00 000	0
Miscellaneous Receipts	10 45 701	13 53 912
Credit /Debit Balance Written Back /Written off	61 20 641	1 20 09 931
Interest Income (Others) [TDS Rs 8,13,094/- (P.Y. Rs 26,54,981/-)]	15 44 645	64 32 181
Foreign Exchange Fluctuation Gain (Net)	47 03 217	0
TOTAL	<u>5 74 13 144</u>	<u>2 53 03 362</u>
SCHEDULE : 16 : MATERIAL CONSUMED		
A) Raw Material :		
Opening Stock	24 32 22 986	48 11 26 594
Purchases	1 73 37 98 613	2 43 18 54 244
	<u>1 97 70 21 599</u>	<u>2 91 29 80 838</u>
Less: Captive consumption for Fixed Assets	0	1 34 07 354
	<u>1 97 70 21 599</u>	<u>2 89 95 73 484</u>
Less :Closing Stock	29 86 31 112	24 32 22 986
Sub Total (A)	<u>1 67 83 90 487</u>	<u>2 65 63 50 498</u>
B) Trading Goods:		
Opening Stock	0	0
Purchases	9 47 85 393	7 13 290
	<u>9 47 85 393</u>	<u>7 13 290</u>
Less: Closing Stock	0	0
Sub Total (B)	<u>9 47 85 393</u>	<u>7 13 290</u>
TOTAL (A + B)	<u>1 77 31 75 880</u>	<u>2 65 70 63 788</u>


SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year Ended on 31-03-2010 (Rupees)	For the Year Ended on 31-03-2009 (Rupees)
SCHEDULE : 17 : MANUFACTURING & OTHER EXPENSES		
(Net of Amount transferred to Capital Expenses)		
A) Stores & Spares Consumed		
Opening Stocks	17 69 72 136	1 07 62 769
Add:- Purchases	6 08 97 347	17 74 70 638
Add : Amount transfer from Capital Work in Progress (Refer note No 11 of Sch 19)	0	9 34 84 474
	<u>23 78 69 483</u>	<u>28 17 17 881</u>
Less:- Closing Stock	14 49 93 208	17 69 72 136
Sub-Total (A)	9 28 76 275	10 47 45 745
B) Employee's Emoluments		
Salaries,Wages & Bonus	7 29 59 599	6 98 36 345
Contribution to Provident & other Funds	26 69 742	29 07 332
Workman & Staff Welfare Expenses	58 24 082	88 62 061
Sub-Total (B)	8 14 53 423	8 16 05 738
C) Other Manufacturing Expenses		
Manufacturing Expenses	3 89 89 532	4 52 95 348
Power & Fuel (Including Cost of Power Generation)	41 20 42 578	40 32 94 050
Factory Expenses	18 35 787	39 51 169
Repairs		
- to Factory Building	27 20 926	64 06 306
- to Plant & Machinery	71 98 149	93 41 024
- to Others	97 92 910	69 32 381
Excise Duty \$	(65 18 684)	(56 70 563)
Sub-Total (C)	46 60 61 198	46 95 49 715
D) Other Expenses		
Auditor's Remuneration	4 40 000	8 20 000
Donation	0	43 501
Freight Outward	3 18 40 274	4 92 50 917
Rent Expenses	0	8 37 651
Rates & Taxes	14 80 808	22 99 820
Selling & Distribution Expenses	1 17 46 479	1 57 02 072
Stationary & Printing Charges	4 30 739	7 24 811
Traveling conveyance & vehicle Expenses	35 24 303	88 50 522
General Expenses	12 37 496	25 28 237
Insurance Premium Charges	14 25 716	24 15 384
Legal & Professional Charges	41 62 984	41 52 763
Postage & Telephone Expenses	9 22 123	19 98 697
Preliminary Expenditure Written off	1 01 76 100	1 01 76 100
Loss on sale of Fixed Assets	3 24 568	6 12 095
Vat / Sales Tax Expenses	94 94 372	1 80 36 384
Service Tax	15 63 202	43 11 209
Subscription & Membership Fess	10 55 562	22 10 586
Sub-Total (D)	7 98 24 726	12 49 70 749
TOTAL (A+B+C+D)	72 02 15 622	78 08 71 947
SCHEDULE : 18 : INTEREST & FINANCE CHARGES		
(Net of Amount transferred to Capital Expenses)		
To Bank		
Interest on Term Loans	10 90 44 975	14 27 11 462
Interest on Working Capital	10 79 67 266	14 59 93 513
Other Interest & Finance Charges	3 42 26 132	3 03 44 076
To Others		
Other Interest & Finance Charges	1 75 33 872	1 69 34 611
Foreign Exchange Fluctuation Loss (Net)	0	1 96 93 771
TOTAL	26 87 72 245	35 56 77 432

\$ Excise Duty represents the aggregate of excise duty borne by the Company and difference between excise duty on opening and closing stock of finished goods.

**SCHEDULE : 19 : NOTES FORMING PART OF ACCOUNTS****1. (a) SIGNIFICANT ACCOUNTING POLICIES****I. a) METHOD OF ACCOUNTING**

The Financial Statements are prepared as per historical cost convention and in accordance with the Generally Accepted Accounting Principles in India, the provisions of the Companies Act 1956, and the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. All Income and Expenditures having material bearing on the Financial Statements are recognized on accrual basis.

b) USE OF ESTIMATES

The presentation of the Financial Statements in conformity with the Generally Accepted Accounting policies requires, the management to make estimates and assumptions that affect the reported amount of Assets and Liabilities, Revenues and Expenses and disclosure of contingent liabilities. Such estimation and assumptions are based on management's evaluation of relevant facts and circumstances as on date of Financial Statements. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

II. REVENUE RECOGNITION

The Company recognizing Sales at the point of transfer of significant risks and rewards of ownership to the customers. Sales are inclusive of Excise Duty and Sales Tax and net of returns.

Revenue in respect of excise duty refund is recognized on accrual basis.

Sales tax / Value added tax paid is charged to Profit and Loss Accounts

III. EXCISE DUTY

Excise Duty recovered are included in sales. Excise Duty in respect of increase / decrease in Finished Goods are shown separately as an item of Manufacturing & Other Expenses and included in Valuation of Finished goods.

IV. FIXED ASSETS

- (a) Fixed assets are stated at cost (net of Cenvat), less accumulated depreciation [other than "freehold land" where no depreciation is charged].
- (b) Capital Work in progress including capital advances are stated at cost.
- (c) Cost of Trial run Production incurred during the initial period of production has been capitalized amongst the various heads of fixed assets.
- (d) Pre-operative expenditure incurred on projects has been / will be capitalized amongst the various heads of fixed assets on the commencement of the projects.

V. VALUATION OF INVENTORIES

- | | |
|--|--|
| - Raw Materials, Trading Goods, Stores & Spares & Semi Finished Goods: | At Lower of the Cost or Net realizable value after considering the credit of VAT and CENVAT |
| - Finished goods & Wastage | At Lower of the Cost or Net realizable value. (Including excise duty in respect of finished goods) |

Cost of Finished goods is determined using the absorption costing principle. Cost includes Cost of material consumed, Labours, and systematic allocation of variable and fixed production overheads, Including Excise duty at applicable rates.

VI. 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 deposits with banks.

VII. INVESTMENTS

Investments are classified as Long Term & Current Investments. Long Term Investments are valued



at cost less provision for diminution other than temporary, in value, if any. Current Investments are valued at cost or fair value whichever is lower.

VIII. EMPLOYEE BENEFITS

(a) Short Term

Short Term employee benefits are recognized as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the company.

(b) Long Term

The Company has both defined contribution and defined benefit plans.

(c) Defined Contribution Plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to Employees Provident Fund. The Company's payments to the defined contribution plans are reported as expenses during the period in which the employee performs the services that the payment covers.

(d) Defined Benefit Plans

Expenses for defined benefit gratuity payment plans are calculated as at the balance sheet date by independent actuaries in the manner that distributes expenses over the employees working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discounted rate corresponding to the interest rate estimated by the actuary having regard to the interest rate on Government Bonds with a remaining term i.e. almost equivalent to the average balance working period of employees.

(e) Other Employee Benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid.

IX. TAXATION

Income tax expenses comprise current tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The Deferred Tax Assets and Deferred Tax Liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred Tax Assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of Deferred Tax Assets are reviewed to reassure realization.

X. METHOD OF DEPRECIATION

- A. Depreciation on fixed assets [other than land where no depreciation is provided] has been provided on straight-line method in accordance with the provisions of section 205(2)(b) of the Companies Act, 1956, at the rates specified in Schedule XIV to the Companies Act, 1956.
- B. Depreciation in respect of plant and machineries has been provided on the basis of triple shift working (except for Plant and Machineries of Sponge Iron & Ferro Alloys Project on which depreciation has been provided on continuous process plant working and depreciation on Rolling Mill Plant has been provided on single shift working on the basis of certificate received from management). Depreciation in respect of fixed assets acquired / put to use during the years is charged on pro-rata basis with reference to the date of installation of fixed assets.
- C. No Depreciation has been provided in respect of Capital Work in Progress.
- D. Intangible assets (Software) are amortize for a period of 5 years.

**XI. FOREIGN CURRENCY TRANSACTIONS**

Transactions in the foreign currency, which are covered by forward contracts, are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the Profit and Loss Accounts over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are recorded at rate of exchange in force at the time of occurrence of transactions. Gain or Loss due to fluctuation in exchange rates is dealt with through Profit and Loss Account. Monetary Assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rate. The difference in transactions of monetary liabilities and related gains or losses on foreign exchange transactions is recognized in the Profit and Loss Account.

XII. BORROWING COST

Borrowing costs are recognized in the period to which they relate, regardless of how the funds have been utilized, except where it relates to the financing of construction or development of assets requiring a substantial period of time to prepare for their intended future use. Interest on borrowings if any is capitalized up to the date when the asset is ready for its intended use. The amount of interest capitalized for the period is determined by applying the interest rate applicable to appropriate borrowings

XIII. EARNING PER SHARE

Basic earning per share is calculated by dividing the net profit after tax for the year attributable to Equity Shareholders of the Company by the weighted average number of Equity Shares in issue during the year. Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

XIV. IMPAIRMENT OF ASSETS

The carrying value of assets of the Company's cash generating units are reviewed for impairment annually or more often if there is an indication of decline in value based on internal/external factors. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognized, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discount factor.

XV. CONTINGENT LIABILITY AND CONTINGENT ASSETS

- (a) Contingent liabilities are not recognized but are disclosed in the notes.
(b) Contingent Assets are neither recognized nor disclosed in the financial statements.

XVI. MISCELLANEOUS EXPENDITURE

Preliminary & Public Issue expenses are amortized to Profit and Loss Account over a period of 5 years in equal installments.

2. CONTINGENT LIABILITIES

- i. Estimated amount of contracts remaining to be executed on capital account [net of advances] and not provided for Rs. 4338.04 Lacs [P.Y. 4,349.28 Lacs].
ii. Contingent Liability not Provided for in respect of :-

[Rs. In lacs]

Particulars	Amount 2009-2010	Amount 2008-2009
Inland Letter of Credit	1223.69	961.67
Bank Guarantee Given	265.65	661.15
Corporate Guarantees Given to Banks for Shah Alloys Ltd.	8,000.00	8,000.00
Claim lodged by party not acknowledge by us	234.90	0.00

3. Foreign currency exposure at the year end not hedged by derivative instruments:

- a) The Company has not entered into any forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee.



b) Foreign currency exposure at the year end not hedged by derivative instruments.

As at 31st March 2010	
Payables against import of goods and services	
Rupees	10,41,50,912
US Dollar	23,07,287

4. Segment Reporting

The Company is manufacturing Ferro Alloys & Sponge Iron, which is basically used in Iron & Steel Industry. Further power generated in the company in its power plant is used for captive as well as trading purpose. In view of this, the company has to consider "Iron & Steel" and "Power" as Primary Reportable business segment, as per Accounting Standard -17, Segment Reporting issued by The Institute of Chartered Accountants of India. However, due to substantial competition, risk, on-going position of Company and largely in the interest of the Company as well as interest of the stock holders involved, therefore, management has not made disclosure of Primary Reportable segment as per Accounting Standard -17. Further, the Company has its business within the geographical territory of India. Therefore; Company has considered "INDIAN GEOGRAPHY" as the only secondary reportable business segment, as per the Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

5. RELATED PARTY DISCLOSURES

Associates : Shah Alloys Ltd., Adarsh Foundation (Charitable Trust),

Key Management Personnel : Rajendra V. Shah, Rajinder Arora, Dr. K. C Thatoi, Sujal Shah

Nature of Transactions	Shah Alloys Ltd.	Rajinder Arora	Dr. K.C. Thatoi	Sujal Shah	Balance As on 31 st March 2010
Purchase Of Raw Material	3,90,53,407	-	-	-	-
P.Y. (2008-2009)	(12,81,574)	-	-	-	-
Purchase Of Capital Goods / Stores	2,25,50,660	-	-	-	-
P.Y. (2008-2009)	(7,34,64,527)	-	-	-	-
Sales (Including Power)	1,83,73,87,981	-	-	-	1,56,35,074
P.Y. (2008-2009)	(3,51,37,63,116)	-	-	-	(3,39,50,617)
Rent Income	9,60,000	-	-	-	-
P.Y. (2008-2009)	(9,60,000)	-	-	-	-
Loan Given	0.00	-	-	-	80,00,00,000
P.Y. (2008-2009)	(15,00,00,000)	-	-	-	(80,00,00,000)
Advance Received from Customer	-	-	-	-	24,97,97,104
P.Y. (2008-2009)	-	-	-	-	(17,80,52,412)
Remuneration to Directors	-	-	18,00,000	1,20,000	-
P.Y. (2008-2009)	-	(11,04,000)	(7,40,000)	(1,20,000)	-

**6. The breakup of Deferred Tax Assets / Liabilities as at 31.03.2010 is as under**

PARTICULARS		(Amount in Rs.) 31-03-2010	(Amount in Rs.) 31-03-2009
DEFERRED TAX ASSETS			
- Unabsorbed Business Loss		21,30,16,585	24,14,67,005
- 43B Difference		28,09,028	21,16,602
- Others		0	6,86,159
Total	[A]	21,58,25,613	24,42,69,766
DEFERRED TAX LIABILITIES			
- Depreciation Difference	[B]	30,11,00,249	32,26,64,789
Net Deferred Tax Assets / (Liabilities)	[A-B]	(8,52,74,637)	(7,83,95,023)

7. EARNING PER SHARE

PARTICULARS	Amount in Rs 31-03-2010	Amount in Rs 31-03-2009
- Net Profit for the year after tax	82,81,025	1,96,14,229
- Nos. of Equity Share	8,49,66,700	8,49,66,700
- Basic & Diluted Earning per Share	0.10	0.23

8. As informed to us, the Company has not received information from the Suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act, 2006. Hence, disclosures, if any, relating to amounts unpaid as at the Balance Sheet date together with interest paid or payable as per the requirement under the said Act, have not been made.

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

Defined Contribution Plan:

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

	Amount in Rs (2009-10)	Amount in Rs. (2008-09)
Employer's Contribution to Provident Fund	20,99,894	20,97,235

Defined Benefit Plan:

The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same manner as gratuity.



i. Reconciliation of opening and closing balances of Defined Benefit obligation:

	Gratuity (Un Funded) 2009-2010	Gratuity (Un Funded) 2008-2009	Leave Encashment (Unfunded) 2009-2010	Leave Encashment (Unfunded) 2008-2009
Defined Benefit obligation at beginning of the year	14,44,084	10,29,271	5,74,625	4,84,709
Current Service Cost	9,27,973	8,07,284	1,37,306	4,54,053
Interest Cost	1,19,137	87,488	47,407	41,200
Actuarial (gain) / Loss	(4,08,372)	(4,79,959)	(3,95,914)	(2,73,935)
Benefits paid	-	-	-	(1,31,402)
Defined Benefit obligation at year end	20,82,822	14,44,084	3,63,424	5,74,625

ii. Reconciliation of opening and closing balances of fair value of plan assets:

	Gratuity (Un Funded) 2009-2010	Gratuity (Un Funded) 2008-2009	Leave Encashment (Unfunded) 2009-2010	Leave Encashment (Unfunded) 2008-2009
Fair value of plan assets at beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial gain / (loss)	-	-	-	-
Employer contribution	-	-	-	-
Benefits paid	-	-	-	-
Fair Value of plan assets at year end	-	-	-	-
Actual Return on Plan Assets	-	-	-	-

iii. Reconciliation of fair value of assets and obligations:

	Gratuity (Un Funded) As at 31-03-2010	Gratuity (Un Funded) As at 31-03-2009	Leave Encashment (Unfunded) As at 31-03-2010	Leave Encashment (Unfunded) As at 31-03-2009
Fair value of plan assets	-	-	-	-
Present value of obligation	20,82,822	14,44,084	3,63,424	5,74,625
Amount recognized in Balance Sheet	20,82,822	14,44,084	3,63,424	5,74,625

iv. Expense recognized during the year

	Gratuity (Un Funded) 2009-2010	Gratuity (Un Funded) 2008-2009	Leave Encashment (Unfunded) 2009-2010	Leave Encashment (Unfunded) 2008-2009
Current Service Cost	9,27,973	8,07,284	1,37,306	4,54,053
Interest Cost	1,19,137	87,488	47,407	41,200
Expected return on plan assets	-	-	-	-
Actuarial gain / (loss)	4,08,372	4,79,959	3,95,914	2,73,935
Net Cost	6,38,738	4,14,813	(2,11,201)	2,21,318



v. Investment Details:

	Gratuity (Un Funded) As at 31-03-2010	Gratuity (Un Funded) As at 31-03-2009	Leave Encashment (Unfunded) As at 31-03-2010	Leave Encashment (Unfunded) As at 31-03-2009
GOI Securities	-	-	-	-
Public Securities	-	-	-	-
Special Deposit Schemes	-	-	-	-
State Govt. Securities	-	-	-	-
Others (including bank balances)	-	-	-	-

vi. Actuarial assumptions :

	Gratuity (Un Funded) 2009-2010	Gratuity (Un Funded) 2008-2009	Leave Encashment (Unfunded) 2009-2010	Leave Encashment (Unfunded) 2008-2009
Mortality Table (LIC)	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96
Discount rate (per annum)	8.25%	7.75%	8.25%	7.75%
Expected rate of return on plan assets (p.a.)	-	-	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

10. Certain Balance of Debtors, Creditors, Loans & Advances for capital expenditure are non- moving / sticky since last 3 years. However in view of management, the same is recoverable / payable. Hence no provision for the same is made in the books of accounts.
11. The Company was in process of implementing the integrated steel project. The company had incurred certain capital expenditure, which was reflected as Capital Work In Progress. However during the previous year, the company had decided to use certain stores, spares and consumables which were earlier forming part of Capital Work In Progress for normal production purpose. Hence the said stores, spares and consumables values at Rs 9.35 Cr had been transferred from the Capital Work In Progress Account to stores, spares and consumable, inventory and the same had been accordingly reflected in the closing balance of inventory as stores and spares as on 31.03.2009

12. SECURED LOANS

	Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
1	Term Loan From Financial Institution / Banks	79,98,80,288	93,67,03,089
	i. Rupee Term Loan:		
	Secured by First mortgage and hypothecation on all the immovable & movable assets both present & future by way of first charge ranking pari passu with charges created / to be created in favour of other institution / banks subject to prior charge on current assets in favour of the company's bankers for working capital borrowings. The loan is further secured by personal guarantee of i) Shri R. V. Shah ii) Smt. R. R. Shah iii) Shri J. V. Shah and iv) and Corporate Guarantee of M/s Shah Alloys Ltd.,		



	Particulars	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
2	Working Capital Facility From Banks: Secured by Hypothecation of entire current assets of the company on pari-passu basis with consortium member banks & second charge on fixed assets of the company on Pari-passu basis with consortium member banks subject to first charge on pari-passu basis with Union Bank Of India, State Bank Of India, State Bank of Saurashtra and State Bank Of Hyderabad for their respective term loans. The loan is further secured by personal guarantee of i) Shri R. V. Shah ii) Smt. R. R. Shah iii) Shri J. V. Shah and iv) and Corporate Guarantee of M/s Shah Alloys Ltd.,	56,95,79,958	69,98,81,744
13	Sundry debtors include dues from Associate Concerns in which directors of the company are interested:	As at 31-03-2010 Rs.	As at 31-03-2009 Rs.
	a) Shah Alloys Limited	1,56,35,074	3,39,50,617
	b) Adarsh Foundation	NIL	63,561
14	Unsecured Inter corporate Loan include dues to Associate Concerns in which Directors of the Company are interested		
	a) Shah Alloys Limited	80,00,00,00	80,00,00,00
15	Sundry Creditors Include dues to associate concern in which directors of the company are interested. Shah Alloys Limited	NIL	NIL
16	Loans and Advances dues to associate concern in which directors of the companies are interested Shah Alloys Ltd.	24,97,97,104	17,80,52,412
17	Prior Period Adjustments represents:		
	a) Debit relating to earlier years	46,58,326	20,24,237
	b) Credit relating to earlier years	1,95,344	4,398
	Total	44,62,982	20,19,839

18. Expenses have been capitalized and transferred to pre-operative expenses on the basis of bifurcation made by the management. This being technical matter, auditors have accepted the same as correct.
19. The company has opted for Tax Remission Scheme in place of original composite scheme of Sales Tax. Due to this change, the VAT collected by the Company becomes Income of the Company and accordingly credited to Profit and Loss Account.
20. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.
21. Inventories are as taken, valued and certified by a Director.
22. Balances of Unsecured Loans, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.



23. Additional information pursuant to the provisions of paragraphs 3 and 4 of Part II of Schedule VI to the Companies Act, 1956:

	2009-2010 (Rupees)	2008-2009 (Rupees)
[A] Remuneration to Directors:		
(a) Salaries, Allowances and Other Perquisites	34,88,524	51,44,351
[B] Auditor's Remuneration:		
(a) Audit Fees	4,00,000	8,00,000
(b) Other Charges	40,000	20,000
Total	4,40,000	8,20,000

[C] CAPACITY

Class of Products	Annual Licensed capacity [P.A.]		Annual Installed capacity [P.A.]	
	2009-2010	2008-2009	2009-2010	2008-2009
Sponge Iron	N.A.	N.A.	18,000 MT	18,0000 MT
Ferro Alloys	N.A.	N.A.	61,890 MT	61,890 MT
Rolling Mill	N.A.	N.A.	25,000 MT	25,000 MT
Power Plant	N.A.	N.A.	40 MW	40 MW

Note:

Installed capacity is as certified by the Management and being a technical matter, accepted by the Auditors as correct.

[D] PRODUCTION (Net Saleable Production)

Class of Product	2009-10 Qty (in M.T.)	2008-09 Qty (in M.T.)
1. FINISHED GOODS		
a) Sponge Iron		
Sponge Iron	69,069.000	82,919.700
b) Ferro Alloys		
Ferro Chrome	11,973.184	14,028.000
Silicon Manganese	2,933.685	5,315.000
Others	0.000	2,221.000
c) Rolling Mill		
M S Angle, S S Angle, Round Bar etc	3,782.150	3,915.354
2. WASTE PRODUCTS & BY PRODUCTS		
a) Iron Ore Fines	25,433.735	13,620,440
b) Coal and Others	# 26,834.001	17,215.115
3 SEMI-FINISHED GOODS		
a) Iron Ore Pallates	3506.000	3,935.354
b) Others	0.000	0
4. Power MWH	99,545.930	55,070.20

Subject to captive consumption 37243.022 Mt

**[E] TURNOVER (GROSS) (NET OF RETURN)**

Class of Goods	2009-10		2008-09	
	QTY (in MT)	Value (Rupees)	QTY (in MT)	Value (Rupees)
Finished Goods				
Sponge Iron				
Sponge Iron	75826.250	1,20,45,47,032	80093.135	1,73,63,84,329
Ferro Alloys				
Ferro Chrome	11,866.046	78,97,48,600	13,936.995	1,28,38,55,509
Sillico Manganese	2992.106	15,40,87,683	5,450.059	22,98,61,529
Others	0.000	0	2,466.800	43,19,52,348
Rolling Mill				
M S Angle, S S Angle, Round Bar	3,339.770	10,85,78,752	2.894	1,20,648
Waste Products & By Products				
Iron Ore Fines	22,419.090	7,46,15,772	1,255.890	51,10,003
Coal and Others	2880.090	63,69,978	13,307.339	3,63,22,326
Semi-Finished Goods				
Iron Ore Pallates	0.000	0	0.000	0
Others	0.000	0	0.000	0
TOTAL	1,19,323.262	2,33,79,47,817	1,16,513.112	3,72,36,06,692
Power Units MWH	99,545.930	60,03,25,596	55,070.200	25,31,83,773

[F] OPENING AND CLOSING STOCKS

Class of Goods	Opening Stock				Closing Stock			
	As at 01.04.2009		As at 01.04.2008		As at 31.03.2010		As at 31.03.2009	
	QTY[MT]	Value(Rs)	QTY[MT]	Value(Rs)	QTY[MT]	Value(Rs)	QTY[MT]	Value(Rs)
1) Finished Goods								
a) Sponge Iron	6,905.780	9,66,80,948	4079.217	1,04,074,888	148.532	26,09,169	6,905.780	9,66,80,948
b) Ferro Alloys								
Ferro Chrome	128.516	57,83,220	37.511	17,87,752	235.654	1,66,97,929	128.516	57,83,220
Silico Manganese	80.985	36,44,325	216.044	81,44,631	22.564	14,69,940	80.985	36,44,325
Others	31.955	14,37,975	277.755	1,18,67,525	31.955	17,51,533	31.955	14,37,975
c) Rolling Mill								
M S Angle, S.S Angle, Round Bar etc	30.711	8,29,197	53.605	15,57,866	473.091	1,89,21,727	30.711	8,29,197
2) Waste Products/ by products								
Iron Ore Fines	42,622.340	13,46,22,235	30,257.790	5,59,76,912	45,636.985	17,47,24,483	42,622.340	13,46,22,235
Coal and Others	15,362.229	2,33,50,003	11,454.452	1,62,16,673	2,073.117	30,68,758	15,362.229	2,33,50,003
3) Semi-Finished Goods								
Iron Ore Pallates	3,935.354	1,77,09,092	0.000	0	7441.354	4,30,63,116	3,935.354	1,77,09,092
Others		4,76,67,651		2,56,61,967		70,28,920		4,76,67,651
TOTAL:	69,097.872	33,17,24,646	46376.374	22,52,88,214	56063.252	26,93,35,575	69,097.872	33,17,24,646



[G] RAW MATERIAL CONSUMED (Excluding trading goods & Captive used)

Class of Goods	2009-10		2008- 09	
	QTY[MT]	Value(Rupees)	QTY[MT]	Value(Rupees)
RAW MATERIAL				
A) Sponge Iron				
Iron Ore	1,36,389.000	77,84,97,113	1,63,074.970	1,01,20,67,633
Steam Coal	71,533.920	33,22,31,225	78,321.830	62,32,02,757
Others	6,75,919.00	53,77,722	10,892.093	5,63,57,165
B) Rolling Mill				
M S Billets, M S Ingots & Others	3,972.000	8,94,39,105	1,508.14	3,42,344
C) Ferro Alloys				
Chrome Ore	26,602.250	17,12,71,199	39786.785	74,14,17,761
Manganese Ore	7,535.910	7,92,57,888	17484.877	30,31,913
Others	94,554.550	22,23,16,237	28,434.243	21,99,30,925
TOTAL	10,04,973.350	1,67,83,90,487	3,37,951.798	2,65,63,50,498

[H] PARTICULARS OF TRADING GOODS

Particulars	Unit	Opening Stock		Purchase		Turn Over		Closing Stock	
		QTY	VALUE (Rupees)	QTY	VALUE (Rupees)	QTY	VALUE (Rupees)	QTY	VALUE (Rupees)
Power- CY	MW	0.000	0	8003.900	94785393	8003.900	95496565	0.000	0
Power- PY	MW	0.000	0	76.000	7,13,290	76.000	9,51,570	0.000	0
TOTAL-CY		0.000	0	8003.900	94785393	8003.900	95496565	0.000	0
Total - PY		0.000	0	76.000	7,13,290	76.000	9,51,570	0.000	0



[I] Value of Imported And Indigenous - Materials, Stores And Spare Parts Consumed And Percentage Thereof.

a) MANUFACTURING ACTIVITY

Raw Materials	2009-10		2008-09	
	Value (Rupees)	(%)	Value (Rupees)	(%)
a) Imported	7,42,80,916	4.47	13,07,04,706	4.92
b) Indigenous	1,60,36,09,571	95.53	2,52,56,45,792	95.08
TOTAL	1,67,863,90,487	100.00	2,65,63,50,498	100.00

b) TRADING ACTIVITY

Value of Imported and Indigenous Trading goods Purchased & their Percentage of total Consumption.

Particulars	2009-2010		2008-09	
	Value(Rupees)	(%)	Value(Rupees)	(%)
a) Imported	-	-	-	-
b) Indigenous	9,47,85,393	100.00	7,13,290	100.00
TOTAL	9,47,85,393	100.00	7,13,290	100.00

c) STORES CONSUMED

Stores & Spare parts.	2009-10		2008-09	
	Value(Rupees)	(%)	Value(Rupees)	(%)
a) Imported	-	-	-	-
b) Indigenous	9,28,76,275	100.00	10,47,45,745	100.00
TOTAL	9,28,76,275	100.00	10,47,45,745	100.00

[J] CIF VALUE OF IMPORTS

	2009-10	2008-09
i) Raw Materials	7,42,80,916	13,07,04,706
ii) Capital Goods	-	-
iii) Stores & Spares	-	-

[K] EXPENDITURE IN FOREIGN CURRENCY - -

[L] EARNING IN FOREIGN EXCHANGE - -

[M] AMOUNT REMITTED DURING THE TEAR IN FOREIGN CURRENCY IN RESPECT OF DIVIDEND - -

24. Previous year's figures have been re-grouped / rearranged wherever necessary so as to confirm to current year's groupings.

25. Information required in terms of part IV to Schedule VI to the Companies Act, 1956 is attached.

Signature to Schedule 1 to 19

Schedules refer to herein above form an integral part of Financial Statement
As per our report of even date attached

For, Talati & Talati
Chartered Accountants
(Firm Reg. No. : 110758W)
Umesh Talati
Partner
M. No 034834

Place:- Ahmedabad
Date :-22/07/2010

For and on behalf of the Board of Directors of S.A.L. STEEL LIMITED

Rajendra V. Shah Chairman
K. C. Thatoi Managing Director
Sujal A. Shah Director
B. M. Singhal Director
Anilkumar Pandya Director



7th Annual Report

**INFORMATION REFERRED TO IN NOTE 24 OF
SCHEDULE 19 TO THE NOTE ON ACCOUNTS
FOR THE YEAR ENDED 31st MARCH 2009.**

**PART - IV TO SCHEDULE - VI TO THE COMPANIES ACT, 1956 (AS AMENDED)
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No **U 2 9 1 9 9 G J 2 0 0 3 P L C 0 4 3 1 4 8**

State Code **0 4**

Balance Sheet Date **3 1 - 0 3 - 2 0 1 0**

II. Capital raised during the year (Amount Rs. in Thousands)

Public Issue **N I L** Right Issue **N I L**

Bonus Issue **N I L** Private Placement **N I L**

III. Position of Mobilization and Deployment of Funds (Amount Rs. in Thousands)

Total Liabilities **4 4 2 1 3 5 9** Total Assets **4 4 2 1 3 5 9**

Sources of Funds

Paid Up Capital **8 4 9 6 6 7**

Reserves & Surplus **4 0 4 0 9 5**

Secured Loans **1 3 9 4 3 1 5**

Unsecured Loans **8 1 9 6 0 5**

Deferred Tax Liability **8 5 2 7 5**

Application of Funds

Net Fixed Assets **3 2 4 9 1 1 9**

Investments **N I L**

Net Current Assets **2 9 8 5 0 5**

Mis. Expenditure **5 3 3 3**

IV. Performance of Company (Amount Rs. in Thousands)

Turnover (Incl. Other Income) **3 0 4 2 2 3 7**

Profit / (Loss) before Tax **2 1 6 5 8**

Earning Per Share in Rs. **0 . 1 0**

Total Expenditure **2 7 6 2 1 6 4**

Profit / (Loss) after Tax **8 2 8 1**

Dividend Rate (%) **N I L**

V. Generic Names of Principal Products/Services of Company (as per monetary terms)

Item Code No (ITC CODE) **3 3 0 3** Product **S P O N G E I R O N**

Item Code No (ITC CODE) **3 3 2 0** Product **F E R R O A L L O Y S**

Item Code No (ITC CODE) **3 3 0 2** Product **A N G L E**

Item Code No **4 0 0 3** Product **P O W E R**

As per our report of attached to the Balance Sheet

For S.A.L. STEEL LIMITED

**For, Talati & Talati
Chartered Accountants
(Firm Reg. No. : 110758W)
Umesh Talati
Partner
M. No 034834**

Rajendra V. Shah Chairman

Place:- Ahmedabad
Date :-22/7/2010



S.A.L. STEEL LIMITED

Registered Office : 5/1,Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380 006.

PLEASE FILL IN ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id*	Master Folio No.
Client Id*	

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Shares (s) held:

I/We hereby record my/our presence at the **7th ANNUAL GENERAL MEETING** of the Company held on Friday, 24th September, 2010 at 10.00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060,

Signature of the shareholder or proxy

*Applicable for investors holding shares in electronic form.

S.A.L. STEEL LIMITED

Registered Office : 5/1,Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380 006.

PROXY FORM

DP Id*	Master Folio No.
Client Id*	

I/We _____ of _____

_____ being a member/members of SAL Steel Limited hereby

appoint _____ of _____

of or falling him/her _____ of _____

of or falling him/her _____ of _____

as my/our proxy to vote for me/us and on my/our behalf at the **7th Annual General Meeting** to be held on Friday, the 24th September, 2010 at 10.00 A.M. at S.A.L. Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060,

Signed this _____ day of _____ 2010

Affix
Revenue
Stamp

* Applicable for investors holding shares in electronic form.

NOTES :

1. The proxy in or to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.
2. Members holding shares under more than one folio may use photocopy of this Proxy Form for other folios. The Company shall provide additional forms on request.