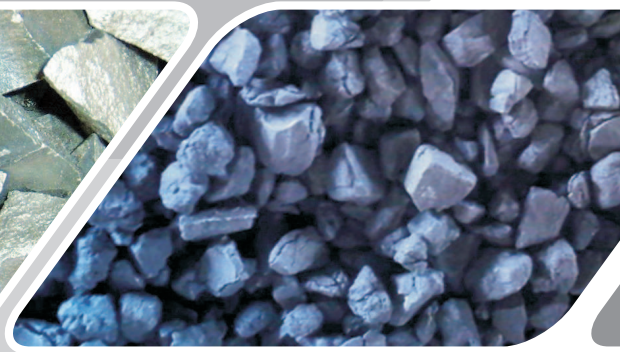


❖ Power

❖ Ferro Alloys

❖ Sponge Iron / DRI



annual report **2011-2012**



**S.A.L. STEEL LIMITED**

**BOARD OF DIRECTORS:**

Shri Rajendra V. Shah	<i>Chairman</i>
Shri K. C. Thatoi	<i>Managing Director</i>
Shri Sujal A. Shah	
Shri Babulal M. Singhal	
Shri Anilkumar S. Pandya	
Shri Piyush R. Chandarana	
Shri Ambalal C. Patel	
Shri Harshad M. Shah	
Shri Jethabhai M. Shah	
Shri Tejpal S. Shah	
Shri Shrikant N. Jhaveri	
Shri Bhaskar Ghosh	

**REGISTERED OFFICE**

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

**ADMINISTRATIVE OFFICE**

SAL Corporate House,  
Sola-Kalol Road,  
Village Santej,  
Dist-Gandhinagar-382 721

**PLANT**

Survey No. 245,  
Village Bharapar,  
Tal. Gandhidham  
Dist: Kutch, Gujarat.

**AUDITORS**

M/s 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

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.

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**NOTICE**

The Ninth Annual General Meeting of Members of **S.A.L. STEEL LTD.** will be held on Monday, the 24<sup>th</sup> September 2012 at 10:00 a.m. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad 380 060, to transact the following business(s):-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2012, Profit & Loss Account for the year ended on that date and the Reports of Board of Directors and the Auditors thereon.
2. To appoint Director in place of Shri Babulal M Singhal, who retires by rotation and is eligible for re-appointment.
3. To appoint Director in place of Shri Piyush R Chandarana, who retires by rotation and is eligible for re-appointment.
4. To appoint Director in place of Shri Ambalal C Patel, who retires by rotation and is eligible for re-appointment.
5. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

M/s Talati & Talati, Chartered Accountants, Ahmedabad, retiring Auditors of the Company are eligible for re-appointment.

**SPECIAL BUSINESS:****6. RE-APPOINTMENT OF SHRI ANILKUMAR S. PANDYA AS 'DIRECTOR-COMMERCIAL'**

To consider and if thought 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, 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), and subject to such approval as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Shri Anilkumar S. Pandya, as Director Commercial of the Company, for a period of 2 (Two) years with effect from 25<sup>th</sup> October 2012, on the terms and conditions including remuneration as are set out in agreement entered into between the Company and Shri Anilkumar S. Pandya, 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 re-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 Anilkumar S. Pandya".

**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. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business(s) to be transacted at the meeting is annexed hereto.
3. Shareholders are requested to bring their copy of Annual Report to the meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.
5. All documents referred to in the accompanying Notice 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.
6. 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.
7. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 17<sup>th</sup> September 2012 to Monday, 24<sup>th</sup> September 2012 (both days inclusive).
8. 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.

**By Order of the Board of Directors**

Sd/-

**Saurabh Madaan**  
Company Secretary

**Place :** Santej

**Date :** 30<sup>th</sup> June 2012

**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 Anilkumar S. Pandya, aged 57 years, was appointed as “Director-Commercial” for a term of 2 years w.e.f. 25.10.2010 and his term of office will be culminating on 24.10.2012. He is proposed to be reappointed with effect from 25.10.2012 for a period of two years. Shri Pandya is having 35 years of vast experience in his career of handling HR & Administrative positions in various big organisations. Shri Pandya has been overseeing the Company operations very well with his sound planning and effective decision making. Board recommends his appointment on the following material terms & conditions:

- a) Period of Appointment :** Two years commencing from 25<sup>th</sup> October 2012 and ending on 24<sup>th</sup> October 2014.
- b) Remuneration Details :**
- Monthly Salary** ₹ 50000/- (₹ Fifty Thousand Only) including Bonus, cash allowances and Incentives.
- Perquisites and Facilities**
- |                       |  |
|-----------------------|--|
| Housing               | Rent free accommodation including provision for electricity, gas and water, as per Company's Policy. |
| Medical Reimbursement | For himself, spouse and dependent children as per Company's Policy.                                  |
| Car facility          | Company maintained Car with option of driver as per Company's policy.                                |
- Other facilities, if any** It includes Company's Contribution to Provident Fund, Provision for Gratuity, Encashment of Leave Salary, as per the rules of the Company. These shall not be included in computation of above limits of remuneration.
- Minimum Remuneration** Notwithstanding anything herein above stated, wherein any financial year, the Company incurs loss or its profits are inadequate, the Company shall pay to Shri Pandya, the remuneration by way of Salary, Bonus and Other Allowances not exceeding the limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956 (including any statutory modifications or re-enactment(s) thereof, for the time being in force), or such other limits as may be prescribed the Government from time to time.
- c) Termination of Agreement :** The agreement executed between Company and Shri Anilkumar S. Pandya, can be terminated by either party giving 3 months notice in writing of such termination.
- d) Duties and Responsibilities :** Shri Anilkumar S Pandya shall be responsible for entire commercial assignments as applicable under various statutes and shall perform such duties which may be entrusted to him, subject to superintendence, control and guidance of Board of Directors.

The above terms and conditions of appointment of Shri Anilkumar S Pandya, may be treated as an abstract under section 302 of the Companies Act, 1956.

The draft agreement of re-appointment of Shri Anilkumar S. Pandya is available for inspection at the Registered Office of the Company between 11-00 a.m. and 1-00 p.m. on all working days of the Company.

The re-appointment and payment of remuneration of Shri Anilkumar S. 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 this resolution.

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

**By Order of the Board of Directors**

**Place :** Santej  
**Date :** 30<sup>th</sup> June 2012  
**Registered Office:**  
 5/1 Shreeji House, B/h M.J. Library,  
 Ashram Road, Ahmedabad - 380006

Sd/-  
**Saurabh Madaan**  
 Company Secretary



**DETAILS OF THE DIRECTORS SEEKING RE-APPOINTMENT IN THE NINTH ANNUAL GENERAL MEETING OF THE COMPANY  
PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT**

<b>Name of Director</b>	<b>Babulal M. Singhal</b>	<b>Piyush R Chandarana</b>	<b>Ambalal C Patel</b>	<b>Anil S Pandya</b>
<b>Date of Birth</b>	04.05.1957	07.07.1964	01.04.1944	02.05.1955
<b>Relationship with other Directors Inter se</b>	None	None	None	None
<b>Profile &amp; Expertise in Specific functional Areas</b>	Being a chartered accountant, has expertise in matters involving accounts, taxation, banking, finance etc and has 32 years of experience in his carrier.	Over 24 years of experience in Sales & Marketing Operations as core areas.	Has more than 41 years of carrier experience and has been associated with various Govt. and PSU's Bodies like GMDC, GIIC etc on various senior technical posts.	35 years of vast experience & skills in handling HR & Administrative positions in various big organizations in his carrier.
<b>Qualification</b>	C.A, B.Com.	B.Com.	B.E (Metallurgy), B.Sc.	M. Sc, LL.B, PGDBM
<b>No. of Equity Shares held in the Company</b>	Nil	200	89,000	Nil
<b>List of other Companies in which Directorships are held</b>	Nil	Nil	1. Ajmera Realty & Infra India Ltd. 2. Jindal Hotels Limited. 3. Nandan Exim Limited. 4. CIL Nova Petrochemicals Limited. 5. Laffans Petrochemicals Ltd. 6. Circuit Systems India Limited 7. SPSL Limited 8. Vishal Malleables Ltd 9. Chiripal Industries Ltd. 10. Karnavati Hospital Pvt Ltd 11. Sumeru Industries Ltd.	Nil
<b>List of committees of Board of Directors (across all other Companies) in which Chairmanship/Membership is held</b>	Nil	Nil	<b>Chairman:</b> 1. Nandan Exim Limited. 2. Chiripal Industries Limited <b>Member:</b> 1. Ajmera Realty & Infra India Ltd. 2. SPSL Limited 3. Jindal Hotels Limited.	Nil



## DIRECTORS' REPORT

Dear Members,

Your Directors present 9th Annual Report on the operations and performance together with the Audited Financial Statements for the year ended on 31<sup>st</sup> March 2012.

## FINANCIAL HIGHLIGHTS:

(₹ in Lakhs)

Particulars	2011-12	2010-11
Net Turnover	32757.58	32009.10
Other Income	636.13	237.79
<b>Gross Revenue</b>	<b>33393.71</b>	<b>32246.89</b>
<i>Less: Cost of Sales</i>	29140.34	27893.60
<b>Profit before depreciation, Interest &amp; Tax (PBDIT) / Operating Profits</b>	<b>4253.37</b>	<b>4353.29</b>
<i>Less: Depreciation &amp; Amortisation</i>	1805.93	1944.05
<i>Less: Interest and Financial Expenses</i>	2311.69	2213.81
<b>Profit before Taxes</b>	<b>135.75</b>	<b>195.43</b>
<i>Less: Provision for Taxes</i>	37.96	146.58
<b>Net Profit after Tax but before Extraordinary Items</b>	<b>97.79</b>	<b>48.85</b>
<i>Less: Prior-Period Adjustments</i>	55.89	21.59
<b>Net Profit after Tax</b>	<b>41.90</b>	<b>27.26</b>
<i>Add: Balance brought forward from previous year</i>	1184.90	1157.64
<b>Total Profits available for Appropriations</b>	<b>1226.80</b>	<b>1184.90</b>
<b>Less: Appropriations:</b>		
General Reserve	Nil	Nil
<b>Balance to be carried forward</b>	<b>1226.80</b>	<b>1184.90</b>

## OPERATIONAL OVERVIEW

During the year under review Net Turnover of the Company has been increased to ₹ 327.58 Crores as compared to previous year's turnover which was ₹ 320.09 Crores. Company's profit after tax (PAT) has also increased marginally. However, decline in net profit margin is mainly attributed to factors like higher basic raw materials prices like Coal and Iron ore, inflationary conditions, cost burdens, shortage of working capital and lower margin etc..

## DIVIDEND

Due to inadequacy of profits, your Directors have not recommended dividend for the financial year 2011-12

## DIRECTORS:

Shri Shri Babulal M. Singhal, Shri Piyush R Chandarana and Shri Ambalal C Patel will be the Directors retiring by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Your Directors recommend above re-appointments and request members to consider the same as stated in Notice of the Annual General Meeting.

## WHOLE-TIME DIRECTORS

Your Directors propose re-appointment of Executive Director Shri Anilkumar S Pandya, Director – Commercial, whose tenure expires on 24<sup>th</sup> October 2012, for a further term of 2 years. The material terms & conditions of his reappointment have been provided in explanatory statement attached to the Notice of the meeting. Members are requested to consider his reappointment at the ensuing Annual General Meeting.



## **S.A.L. STEEL LIMITED**

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.**

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, particulars relating to conservation of Energy, R & D, Technology absorption and foreign Exchange earnings / outgo are separately provided in the annexure to this report.

### **PARTICULARS OF THE EMPLOYEES:**

Particulars of the employees as required under provisions of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time, 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.

### **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the requirement of section 217 (2AA) of the Companies Act, 1956, it is hereby confirmed that:

- a) In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2012, the applicable accounting standards have been followed along with proper explanation relating to material departure;
- b) The Directors 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 profit and loss account of the Company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis.

### **AUDITORS:**

M/s Talati & Talati, Statutory Auditors of the Company hold office until the conclusion of the ensuing Ninth Annual General Meeting of the Company and being eligible, offer themselves for re-appointment. Your Directors recommends their re-appointment.

Pursuant to Central Government's Order dated 3<sup>rd</sup> May 2011 Ref No. 52/26/CAB-2010, mandating appointment of Cost Auditor, your directors have re-appointed M/s Ashish S. Bhavsar & Co. as Cost Auditor, for auditing cost accounting records of the Company for financial year 2012-13.

### **EXPLANATION TO THE AUDITORS' REMARKS:**

The Directors submit their explanations to the qualifications made by the Auditors in their report for the year 2011-12. The Para nos. of Auditors' Report and reply are as under:

#### **Para iii (g)**

Company was incorporated as backward integration project for Shah Alloys Limited (SAL). The finished product of our company becomes Raw material for SAL. However, due to financial crisis, SAL is not functioning on its optimum capacity and as such, company is not getting sufficient orders to optimize its production capacity. This has adversely affected production of the Company. Thus accruals are not enough to pay back the amount to SAL after making payment of interest and instalments to its lenders. However, company is in the process of developing the market and selling the same in the nearby areas.

It is learnt that SAL has carried out TEV study based on which DRS shall be submitted by Operating Agency to Hon'ble BIFR. It is expected that once the Rehabilitation scheme is approved, Company will be able to increase its turnover on account of increase availability of sufficient orders and shall consider repayment of the dues to SAL.

#### **Para ix (a)**

Payments of Statutory dues were marginally delayed on account of slow recovery/collection. However, the same have been paid.

#### **Para xi**

On account of underutilization of capacities, the cash flow was mismatch resulting delay in payment of interest. Company has made proposal to its bankers for working capital requirements. Once the working capital is sanctioned and disbursed, Company will be regular in payment of dues to its bankers.

Besides, other qualification, the notes to the Accounts are self explanatory and give suitable explanation to the qualifications in the Auditors' Report.



**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.

**FURTHER ISSUE OF SECURITIES VIA PREFERENTIAL ALLOTMENT**

For the purpose of augmenting working capital resources of the Company, Board in its meeting held on 6<sup>th</sup> December 2011, decided to raise funds for the Company through preferential allotment of convertible warrants to Strategic Investors and Promoter's Group entities. Accordingly, pursuant to the provisions of section 81(1A) of the Companies Act, 1956, shareholders of the Company in their meeting held on 5<sup>th</sup> January 2012 passed special resolution authorising Board to issue and allot convertible warrants upto Rs. 32 Crores to the parties as mentioned in the notice of general meeting. Accordingly, Board in its meeting held on 03.02.2012 allotted convertible warrants to the investors on the terms and conditions as are mentioned in the notice convening general meeting. An amount equal to minimum subscription has been received from the warrant holders against aforesaid allotment. Each warrant is convertible into equity share of Rs. 10/- at the time of exercise of option by the warrant holder within 18 months from the date of the issue of such warrants.

**REGULATORY STATEMENT**

In conformity with provision of Clause 32 in the Listing Agreement(s) the Cash Flow Statement for the year ended 31.03.2012 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 2012-13 to above stock exchanges.

**APPRECIATION:**

Your Directors place on record their sincere appreciation for the valuable support and co-operation as received from government authorities, Financial Institutions and Banks during the year. The Directors are also thankful for the support extended by Customers, Suppliers and contribution made by the employees at all level. The Directors would also like to acknowledge continued patronage extended by Company's shareholders in its entire endeavor.

**For and on behalf of the Board**

Date : 30<sup>th</sup> June 2012  
Place : Santej

**Rajendra V. Shah**  
CHAIRMAN





## ANNEXURE TO THE DIRECTORS' REPORT

Statement pursuant to Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

## A. CONSERVATION OF ENERGY

- (a) Energy conservation 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 GETCO 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 &amp; FUEL CONSUMPTION

		2011-12	2010-11
<b>1</b>	<b>ELECTRICITY</b>		
	<b>(a) Purchased</b>		
	Unit (Kwh)	1869160	909600
	Total Amount (₹)	22874374	13258095
	Rate / Unit (₹)	12.24	14.58
	<b>(b) Own Generation</b>		
	(i) Through Diesel Generator Unit (Kwh)		
	Unit Per Ltr of Diesel Oil	Nil	Nil
	Cost / Unit (₹)	Nil	Nil
	(ii) Through Steam Turbine / Generator Unit (Kwh)	120744	156302
	Unit Per Kg of Lignite	1.58	1.24
	Cost Lignite / Unit (₹)	1319	1726
<b>2</b>	<b>COAL (Including Coal Fines)</b>		
	Quantity (MT)	58281	64825
	Total Cost (₹)	172231872	191013028
	Average Rate (₹)	2955	2947
<b>3</b>	<b>FURNACE OIL (used in the generation of power)</b>		
	Quantity (K Ltr)	Nil	Nil
	Total Cost (₹)	Nil	Nil
	Average Rate (₹)	Nil	Nil
<b>4</b>	<b>OTHERS - LIGNITE (used in the generation of steam)</b>		
	Quantity (K Tonns)	76635	125709
	Total Cost (₹)	159212283	269791681
	Average Rate (₹)	2078	2146

## (II) CONSUMPTION PER M.T. OF PRODUCTION

Particulars of Product	2011-12	2010-11
Electricity (in Unit)	Nil	Nil
Furnace Oil	Nil	Nil
Coal (Specify quantity)	Nil	Nil
Others	Nil	Nil


**B. TECHNOLOGY ABSORPTION**

<b>(I) Research and Development (R &amp; D)</b>		
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
<b>(II) Technology absorption, adaptation:</b>		
Company has not carried out research, development & innovation activities.		
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	
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

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(₹ in lakhs)

	<b>2011-12</b>	<b>2010-11</b>
<b>1) EARNINGS &amp; OUTGO</b>		
a) Foreign Exchange earnings	Nil	Nil
b) Foreign Exchange outgo	1727.47	1261.64

**2) TOTAL FOREIGN EXCHANGE USED AND EARNED:** As per notes on account

For and on behalf of the Board

 Date : 30<sup>th</sup> June 2012  
 Place : Santej

**Rajendra V. Shah**  
 CHAIRMAN

**INDUSTRY STRUCTURE AND DEVELOPMENTS**

India has remained world's largest producer of sponge iron since 2002. In the last four years the Indian Sponge Iron industry grew at an annual rate of 9.8%.

The performance of the domestic Ferro Alloy sector has been in line with the Indian and global steel industry. Production has been increased at annual average rate of 9.5% during the last four years.

Sponge Iron (DRI) is now recognized as a high purity, top quality charge material throughout the world. In comparison with scarp, the use of DRI/HBI is now known to offer many benefits like consistency in composition, low trace elements due to its porous nature and environment – friendliness. Power generation through waste gases at very low cost is one of the biggest advantages the sponge iron industry is enjoying with. This provides power at the low cost per unit which helps the unit to generate more profit than the sale of sponge iron in real sense.

The Company operates two kilns with an installed capacity of 1,80,000 tonnes per annum to produce sponge iron. While manufacturing sponge iron, the significant amount of heat energy generated from waste gases of Kilns is recovered in waste heat recovery boilers to generate steam, which then passes through the steam turbine generator for producing power. Company is also operating two power plants, based on both coal and waste heat recovery from kilns with a combined generation capacity of 40 MW. The Power generated is being consumed both captively as well as used for wheeling to other users by means of State Grid. This revenue also contributed to bottom line.

The Company also has 61890 MTPA installed capacity for Ferro Alloys Production. The Company is chiefly manufacturing Ferro Chrome, Ferro Manganese, Ferro Silico manganese etc. which have its application in the production of steel as deoxidants and used as alloying agents to impart particular physical properties to finished steel products. Depending upon the process of steel making and the type of steel being made, the requirement of different Ferro Alloys varies within a wide range. The demand/consumption for Ferro-alloys has a direct correlation with the growth in the Steel Industry and hence Steel Industry mainly drives the growth of Ferro Alloys Industry.

In addition to above, the Company has 25000 MTPA capacity of Rolling Mill where presently M S Angle, S.S Angle, Round Bar etc are being manufactured.

The company also has a 40 MW Coal based Captive Power Plant.

**DISCUSSION ON COMPANY'S PERFORMANCE**

During the year under review, Company's net revenue has increased from ₹ 32009 lacs to ₹ 32757.58 lacs. Net profits of the Company have marginally risen from ₹ 27.26 lacs to ₹ 41.90 lacs. Low margin in profits is attributed mainly on account of high cost of raw material and low price realization owing to slack market conditions.

**SWOT ANALYSIS OF COMPANY****Strength**

- Good Industry experience & knowledge of Promoters.
- Good quality standards.
- Cost competitiveness.
- Diverse Supplier Base.
- Long-standing contracts for purchase of raw materials.
- Strong product design and development.
- Skilled, qualified and motivated employees.
- Broad-based manufacturing infrastructure.
- Captive Power Consumption.

**Weaknesses**

- Exposure to raw material price fluctuations.
- Under-utilization of plant capacity.
- Dependency on third party for raw material.

**Opportunities**

- Unexplored Markets.
- Ever-growing demand in Steel Industry.
- Strengthened manufacturing base and the existence of product development and marketing teams.

**Threats**

- Rising raw material prices.
- High Cost of Capital.
- Constraint of Raw Material availability.
- Global economic slowdown.
- Unremunerative Prices.
- Unforeseen general macro-economic factors and political turmoil.

**RISKS AND CONCERNS**

Some of the major risks and concerns identified by the Company are:

- Working Capital risks
- Raw Material Price Fluctuation risks.
- Government Policy and Political Structure risk
- Competition risk
- Economic Slowdown risk

In its process of Risk Management, Company takes proactive steps in identifying inherent business and operational risks and accordingly takes appropriate steps to guard against these identified risks.

**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**

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.

**FUTURE OUTLOOK**

Sponge Iron and Steel Making Industries goes hand in hand. The future of Sponge Iron Industry and its prospects are dependent on Steel demand coupled with the availability of its substitute i.e. steel scrap in the market. While considering that there is enormous scope for increasing steel consumption in almost all sectors in India, it may be said that the prospects for the Sponge Iron Industries are bright.

On the other hand, Ferro-Alloys Industry envisages power intensive production. In the absence of competitively available electrical power, the domestic industry may face stiff competition from imports leading to possible closure or underutilization of the capacity in the industry. To support power intensive production and steady power supplies to the Industry at a stable price, Company has its own 40 MW power plant and is focusing on its captive power generation for cheaper availability of electricity.

During 2011-12, Supreme Court had banned iron ore mining in Karnataka due to environmental worries and allegations of illegal mining. However, NMDC was still allowed to mine within the region and since the Company is having its long term procurement tie-ups with NMDC, the availability of basic raw material viz. Iron Ore would not be a problem in the near future.

Company also tends to procure its other basic raw materials like Chrome Ore, Manganese Ore, Coke etc. from renowned Public Sector Undertakings like MOIL, OMCL etc and as such the consistency in availability raw materials is ensured for them also.

In Union Budget 2012-13, government has provided certain fiscal benefits to boost the Industry such as reduction of customs duty on imported plant and machinery from 7.5% to 2.5%; reduction of Custom Duty on goods required for Coal Mining Projects to Nil and reduction of custom duty on thermal Coal to Nil from 5%. These benefits may be seen further to reduce the prices of raw materials like Coal and may help the Industry in the long run.

**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.

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

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

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

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

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

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

**BOARD PROCEDURE**

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

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

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

During the financial year ended March 31<sup>st</sup>, 2012, Seven Board Meetings were held respectively on 11/05/2011, 04/07/2011, 23/07/2011, 06/08/2011, 12/11/2011, 06/12/2011 and 03/02/2012. The gap between two Board Meetings did not exceed four months.



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

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

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

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

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

### 3. COMMITTEES OF THE BOARD

#### AUDIT COMMITTEE:

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

The Audit Committee comprises of four non-executive Directors all of whom are Independent Directors.

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



## S.A.L. STEEL LIMITED

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

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

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

### REMUNERATION COMMITTEE:

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

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

### DETAILS OF REMUNERATION PAID TO DIRECTORS DURING 2011-12

(Amt in ₹)

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

### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

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

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

## 4. GENERAL BODY MEETING

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

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





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

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

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

## 5. DISCLOSURES

### RELATED PARTY TRANSACTIONS:

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

### NON COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURES:

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

## 6. CODE OF CONDUCT

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

## 7. CERTIFICATE ON CORPORATE GOVERNANCE

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

## 8. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## 9. CERTIFICATION

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

## 10. COMPLIANCE WITH CLAUSE 49

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

## 11. MEANS OF COMMUNICATION

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

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

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



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### 13. GENERAL INFORMATION FOR SHAREHOLDERS AND INVESTORS

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

#### a) Annual General Meeting.

**Date** : 24<sup>th</sup> September, 2012

**Time** : 10.00 A.M.

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

#### b) Financial Calendar for 2011-12 (Tentative)

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

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

Quarter ending 30<sup>th</sup> June 2012 : By 14<sup>th</sup> August 2012

Quarter ending 30<sup>th</sup> September 2012 : By 14<sup>th</sup> November 2012

Quarter ending 31<sup>st</sup> December 2012 : By 14<sup>th</sup> February 2013

Quarter ending 31<sup>st</sup> March 2013 : By 30<sup>th</sup> May' 2013

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

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

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

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

**Demat ISIN No. for NSDL and CDSL** : INE658G01014

#### f) Listing Fees to Stock Exchanges

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

#### g) Custodial Fees to Depositories

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

#### h) Share Price Data (₹ per share)

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

i) Shareholding pattern as on 31<sup>st</sup> March, 2012

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

j) Distribution of shareholding as on 31<sup>st</sup> March, 2012

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

## k) Dematerialisation of Shares and Liquidity

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

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

## l) Share Transfer System

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

## m) Reconciliation of Share Capital Audit Report

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



## S.A.L. STEEL LIMITED

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

### n) Plant Location:

The Company's plant is located at:

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

### o) Registered & Administrative Offices:

#### Registered Office

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

#### Administrative Office:

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

### p) Address for Investor Correspondence:

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

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

**Phone :** 91-02764-661100/11

**Fax :** 91-02764-661110

**Email :** sal.investor@salsteel.co.in

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

**Name :** Karvy Computershare Private Limited

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

**Phone :** 91-040-44655000

**Fax :** 91-040-23420859

**Email :** mailmanager@karvy.com

**Website :** www.karvycomputershare.com

### Annexure to Corporate Governance Report

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

I hereby declare that the Directors and Senior Officer of the Company have exercised their authorities and power and discharged their duties and functions in accordance with requirement of the Code of Conduct as prescribed by the Company and have adhered to the provisions of the same.

Place : Santej

Date : 30<sup>th</sup> June 2012

**K. C. Thatoi**

*Managing Director*

### CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

**S.A.L. Steel Limited**

We have examined the compliance of the conditions of Corporate Governance by S.A.L. Steel Limited for the year ended 31<sup>st</sup> March, 2012 as stipulated in clause 49 of the Listing agreement of the Company with stock exchanges in India.

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

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

For, K.K.Patel & Associates

Sd/-

**Kiran Kumar Patel**

*Proprietor*

CP No. 6352

Place : Gandhinagar

Date : 30<sup>th</sup> June 2012

**CERTIFICATION**

*(Pursuant to Clause 49 V of Listing Agreement)*

To  
The Board of Directors

**I hereby certify that:**

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

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

Place : Santej  
Date : 30<sup>th</sup> June 2012

Sd/-  
**K. C. Thatoi**  
Managing Director



To  
The Members of  
M/s S.A.L. STEEL LIMITED,  
Ahmedabad

- 1) We have audited the attached Balance Sheet of **M/s. S.A.L. STEEL LIMITED** as at March 31, 2012, the Statement of Profit and Loss and 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 the 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 enclose in the Annexure 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 those books;
  - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.

*Subject to Note No.29 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 the Statement of Profit and Loss due to non disclosure.*

Without qualifying our opinion, we would like to draw your attention to Note No. 37, regarding income on account of sale of Power due to which the results of the company are not comparable to the extent of ₹ 31,09,85,750/-
  - (e) On the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Significant accounting policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

**Umesh Talati**  
Partner

Membership No: 034834

Place : Ahmedabad  
Date : June 30, 2012



**Annexure to Auditor's Report**  
**Referred to in Paragraph 3 of our report of even date**

- i) In respect of its Fixed Assets:
- a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets on the basis of available information.
  - 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 the going concern status of the company is not affected.
- ii) In respect of its inventories:
- 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 the 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) a) 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 Companies Act, 1956: According to the 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.
- e) According to information and explanation given to us and on the basis of records produced before us, the company has taken a loan from a company in earlier years, covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹ 80,00,00,000/- and the year-end balance of loan taken from such party is ₹ 80,00,00,000/-. During the Year 2011-12, the company has taken loan from two companies which are covered in the register maintained under section 301 of the Companies Act, 1956 amounting to ₹ 2,75,00,000/- . The Maximum amount involved during the year and the year-end balance of loans taken from such parties is ₹ 2,77,95,150/-.
  - f) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from the company listed in the register maintained under section 301 of the Act are not prejudicial to the interest of the company.
  - g) *On the basis of records produced before us and on the basis of information and explanation given to us and as per the terms and condition of the schedule stipulated for repayment in respect of loans taken by the company , the repayment of the principal portion of the loan from a company covered in the register maintained under section 301 of the Companies Act, 1956 was due to the extent of ₹ 10,00,00,000/- during the year 2011-12 , however the company has defaulted in repayment of ₹ 10,00,00,000/- during the year.*
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchases of inventory, fixed assets and 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 system.
- v) a) In respect of the contracts or arrangements referred to in section 301 of the Companies Act, 1956: In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the 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 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 ₹ 5,00,000/- or more in respect of each party, have been made at prices which are reasonable as per the information available with the company , 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) According to information and explanation given to us, the Company has not accepted any deposit from the public during the year. Therefore, the provisions of Clause (vi) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 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.





## S.A.L. STEEL LIMITED

- viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) a) In respect of the Statutory dues: *According to the records of the company, undisputed Statutory dues including Provident fund, Employees State Insurance, Investor education & protection fund, 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 31<sup>st</sup> March, 2012 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 details of disputed dues of ₹ 26,35,60,433/- have not been deposited as on 31<sup>st</sup> March, 2012 on account of matters pending before the appropriate authorities.* The details of which are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Period to which the amount relates	Forum where the dispute is pending	Amount involved (in ₹)
1.	Gujarat Value Added Tax Act 2003	Value Added Tax	2006-07	Jt. Value Added tax Commissioner( Appeal)	3,65,63,595
2.	Central Excise Act, 1944	Central Excise Duty	2008-09 to 2010-11	Supreme Court	22,54,00,000
3.	Central Excise Act, 1944	Central Excise Duty	2008-09 to 2010-11	Appellate Tribunal Ahmedabad	10,41,057
4.	Central Excise Act, 1944	Central Excise Duty	2006-07	Appellate Tribunal Ahmedabad	5,55,781

- 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 financial year. The company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
- xi) *On the basis of the information and explanation given to us and on the basis of records produced before us, the company has defaulted in repayment of Principal portion of the Term Loan to the extent of ₹ 2,45,60,397/- as at the year end. The company has also defaulted in payment of interest on term loan to the extent of ₹ 1,69,08,531/- as at the year end. The period of default on repayment of principal and payment of interest is ranging for a period from 3 days to 87 days and 12 days to 47 days respectively.*
- xii) In our opinion and according to the information & explanation given to us, no loans and 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. Therefore, the provisions of Clause (xiii) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- xiv) According to the information & explanations given to us, the company is not dealing or trading in shares, securities debentures & other investments. Therefore, the provisions of Clause (xiv) of paragraph 4 of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- xv) The company has given corporate guarantee for ₹ 80,00,00,000/- in the earlier years. In our opinion, the terms and conditions on which the company has given guarantee is not prejudicial to the interest of the company. The guarantee amount keeps on reducing to the extent SAL Steel Limited repays Inter corporate deposit to Shah Alloys Limited. The Guarantee ceases to exist upon repayment of entire amount of Inter corporate deposit to Shah Alloys Limited.
- xvi) According to the information & explanations given to us, the Company has not raised any term loan during the year under audit.
- xvii) According to the information and explanations given to us and on an overall examination of the financial statements and other records of the company and after placing reliance on the reasonable assumptions made by the company, we are of the opinion that funds raised on short term basis have not been used for long term investment.
- 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 paragraph 4 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) In our opinion and according to the information and explanations given to us and based on management representation, no material fraud on or by the company has been noticed or reported during the financial year covered by the audit.

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

**Umesh Talati**  
Partner

Membership No: 034834

Place : Ahmedabad  
Date : June 30, 2012


**BALANCE SHEET AS AT MARCH 31, 2012**

(Amount in ₹)

Particulars	Note No.	As At 31 <sup>st</sup> March 2012	As At 31 <sup>st</sup> March 2011
<b>I. EQUITY AND LIABILITIES</b>			
(1) <b>Shareholders' funds</b>			
(a) Share capital	3	84 96 67 000	84 96 67 000
(b) Reserves and surplus	4	41 10 11 596	40 68 21 742
(c) Money received against share warrants		8 00 00 000	0
		134 06 78 596	125 64 88 742
(2) <b>Non-current liabilities</b>			
(a) Long-term borrowings	5	151 68 23 625	187 19 03 417
(b) Deferred tax liabilities (Net)	6	9 48 93 222	9 00 22 718
(c) Other Long Term Liabilities	7	7 00 00 000	7 00 00 000
(d) Long-term provisions	8	43 19 394	34 36 573
		168 60 36 241	203 53 62 708
(3) <b>Current liabilities</b>			
(a) Short-term borrowings	9	45 83 96 254	35 22 25 310
(b) Trade payables	10	68 05 54 930	52 33 47 738
(c) Other current liabilities	11	64 49 05 705	25 00 76 394
(d) Short-term provisions	12	53 28 917	88 93 436
		178 91 85 806	113 45 42 878
<b>TOTAL</b>		<b>481 59 00 643</b>	<b>442 63 94 328</b>
<b>II ASSETS</b>			
<b>Non-current assets</b>			
(1) (a) Fixed assets	13		
(i) Tangible assets		152 90 78 837	168 41 78 160
(ii) Intangible assets		42 65 653	65 71 653
(iii) Capital work-in-progress		134 04 44 801	120 65 72 618
		287 37 89 291	289 73 22 431
(b) Long-term loans and advances	14	48 36 94 912	50 53 46 552
		335 74 84 203	340 26 68 983
(2) <b>Current assets</b>			
(a) Inventories	15	71 24 02 138	52 85 28 548
(b) Trade receivables	16	48 98 98 811	12 50 88 982
(c) Cash and bank balances	17	6 57 28 798	6 34 16 591
(d) Short-term loans and advances	18	18 80 97 514	30 55 34 430
(e) Other current assets	19	22 89 179	11 56 794
		145 84 16 440	102 37 25 345
<b>TOTAL</b>		<b>481 59 00 643</b>	<b>442 63 94 328</b>
The accompanying notes are an integral part of these financial statements.	1 to 38		

As Per our report of even date

**For, Talati & Talati**

Chartered Accountants

(Firm Regn No.: 110758W)

**Umesh Talati**

Partner

Membership No. 34834

Place : Ahmedabad

 Date : 30<sup>th</sup> June, 2012

**Saurabh Madaan**

Company Secretary

For and on behalf of the Board of Directors

**Rajendra V. Shah**

Chairman

**Sujal A. Shah**

Director

**Piyush Chandarana**

Director

**Dr K. C. Thatoi**

Managing Director

**B.M. Singhal**

Director

**Anil Pandya**

Director


**S.A.L. STEEL LIMITED**
**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2012**

(Amount in ₹)

Particulars	Note No.	Year ended on March 31, 2012	Year ended on March 31, 2011
I. Revenue from operations		350 84 02 832	341 20 74 797
Less: Excise duty		(23 26 44 733 )	(21 11 64 617 )
Revenue from operations(net)	20	327 57 58 099	320 09 10 180
II. Other income	21	6 36 13 491	2 37 78 804
III. Total revenue (I + II)		<b>333 93 71 590</b>	<b>322 46 88 984</b>
IV. Expenses:			
Cost of materials consumed	22	211 33 09 458	202 54 88 795
Purchases of stock-in-trade		5 08 01 797	—
Changes in inventories of finished goods, work-in-progress and stock-in-trade.	23	2 17 15 045	3 72 37 311
Employee benefits expense	24	9 02 66 739	7 52 36 605
Finance costs	25	23 11 69 217	22 13 80 899
Depreciation and amortization expense	13	18 05 92 727	19 44 04 555
Other expenses	26	63 79 41 079	65 13 97 205
Total expenses		<b>332 57 96 062</b>	<b>320 51 45 370</b>
V. Profit before exceptional items and tax (III-IV)		<b>1 35 75 528</b>	<b>1 95 43 614</b>
VI. Prior period items	27	55 89 501	21 59 218
VII. Profit before tax (V-VI)		<b>79 86 027</b>	<b>1 73 84 396</b>
VIII. Tax expense:			
(1) Current tax		16 00 000	36 00 000
(2) Deferred tax		48 70 503	47 48 081
(3) Income tax of earlier years		( 26 74 330 )	63 09 560
IX. Profit for the period (VII-VIII)		<b>41 89 854</b>	<b>27 26 755</b>
X. Earnings per equity share(Face value of Rs. 10/- each)	31		
Basic		0.0493	0.0321
Diluted		0.0465	0.0321

The accompanying notes are an integral part of these financial statements 1 to 38

As Per our report of even date

**For, Talati & Talati**

Chartered Accountants

(Firm Regn No.: 110758W)

**Umesh Talati**

Partner

Membership No. 34834

Place : Ahmedabad

 Date : 30<sup>th</sup> June, 2012

**Saurabh Madaan**

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Director

**Dr K. C. Thatoi**

Managing Director

**B.M. Singhal**

Director

**Anil Pandya**

Director


**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2012**

(Pursuant to the listing Agreement with Stock Exchange)

PARTICULARS	2011-12 Amount in ₹	2010-11 Amount in ₹
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX & EXTRA ORDINARY ITEMS	1 35 75 528	1 95 43 614
Add:		
Depreciation and amortization expense	18 05 92 727	19 44 04 555
Debit / Credit Balance written off	(1 73 47 124 )	(1 56 99 917 )
Unrealised Foreign Exchange (Gain) / Loss	4 77 582	( 3 35 809 )
Financial Cost	23 11 69 217	22 13 80 899
Profit on sale of Fixed Assets (Net)	(3 52 30 068 )	( 3 16 490 )
Interest Income	( 90 79 406 )	( 33 00 427 )
	35 05 82 928	39 61 32 811
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	36 41 58 456	41 56 76 425
Adjustments for:		
Trade and Other Receivables	(24 85 05 297 )	(9 34 20 282 )
Inventories	(18 38 73 590 )	19 06 56 508
Trade Payables and other liabilities	24 76 48 101	(25 78 71 256 )
	(18 47 30 786 )	(16 06 35 030 )
<b>CASH GENERATED FROM OPERATIONS</b>	<b>17 94 27 670</b>	<b>25 50 41 395</b>
Less: Income Tax Paid	29 64 299	51 25 690
<b>CASH FLOW BEFORE EXTRA ORDINARY ITEMS</b>	<b>17 64 63 371</b>	<b>24 99 15 705</b>
Add: / (Less): Extraordinary Items		
Prior period items	( 55 89 501 )	( 21 59 218 )
<b>NET CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>17 08 73 870</b>	<b>24 77 56 487</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
1) Sale Proceeds of Assets	5 87 37 191	4 86 000
2) Interest Income	90 79 406	33 00 427
3) Purchase of Fixed Assets	(2 42 94 527 )	( 76 38 104 )
4) Investment in Capital Work in Progress	(15 62 72 183 )	(49 63 15 211 )
<b>NET CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>(11 27 50 113 )</b>	<b>(50 01 66 888 )</b>
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
1) Proceeds from Working Capital Loans	(4 16 67 735 )	(22 56 73 732 )
2) Proceeds from Long Term Loans	(3 65 34 209 )	43 37 60 405
3) Proceeds from Issue of Share warrants	8 00 00 000	
4) Financial Expense	(231169217)	(22 13 80 899 )
5) Proceeds from Vehicles Loans (net)	40 69 293	( 89 88 152 )
6) Proceeds from Short term borrowings (net)	14 78 38 678	7 22 92 465
7) Movement of Loans and Advances	2 16 51 640	17 99 38 000
<b>NET CASH FLOW FROM FINANCING ACTIVITIES (C)</b>	<b>(5 58 11 550 )</b>	<b>22 99 48 088</b>
<b>NET INCREASE / DECREASE IN CASH &amp; CASH EQUIVALENTS(A+B+C)</b>	23 12 207	(2 24 62 313 )
Cash & Cash Equivalent in the Beginning of the year	6 34 16 591	8 58 78 904
Cash & Cash Equivalent in the Closing of the year	6 57 28 798	6 34 16 591
<b>Note:</b>		
<b>Cash and Bank Balances:</b>	<b>2011-12</b>	<b>2010-11</b>
Balances with banks(in current Accounts)	22 13 589	28 02 516
Cash on Hand	19 22 263	9 18 425
<b>Other bank balances:</b>		
Margin Money	6 15 92 946	5 96 95 650
<b>Total</b>	<b>6 57 28 798</b>	<b>6 34 16 591</b>

As Per our report of even date

**For, Talati & Talati**

Chartered Accountants

(Firm Regn No.: 110758W)

**Umesh Talati**

Partner

Membership No. 34834

Place : Ahmedabad

Date : 30<sup>th</sup> June, 2012

**Saurabh Madaan**

Company Secretary

For and on behalf of the Board of Directors

**Rajendra V. Shah**

Chairman

**Sujal A. Shah**

Director

**Piyush Chandarana**

Director

**Dr K. C. Thatoi**

Managing Director

**B.M. Singhal**

Director

**Anil Pandya**

Director

**1 1.1 CORPORATE INFORMATION :**

The company is engaged in manufacturing Sponge Iron, Ferro Alloys, MS & SS Angle and power and the same are sold in the domestic market. Because of the Captive power generation, company has advantage of low power cost per unit of manufacturing. Company is also generating 40 MW Power from waste Heat recovery Boiler & Fluidized Bed Combustion boiler with economic price. Power generated is used for captive consumption and surplus power is sold resulting profit.

**1.2 BASIS OF PREPARATION OF FINANCIAL STATEMENT:**

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

**2. SIGNIFICANT ACCOUNTING POLICIES :****2.1 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

**2.2 Revenue Recognition:**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The Company recognizes 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 rebate/returns and trade discount. 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. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account, the amount outstanding and the rate applicable.

**2.3 Excise Duty**

Excise Duty recovered are included in sales. Excise Duty in respect of increase / decrease in Finished Goods are shown separately under the head "Other expenses" and included in Valuation of Finished goods

**2.4 Fixed Assets**

- (a) Fixed assets are stated at cost (net of Cenvat credit), less accumulated depreciation and impairment loss, if any. [other than "freehold land" where no depreciation is charged]. Costs include all expenses incurred to bring the assets to its present location and condition.
- (b) Capital Work in progress net off capital advances are stated at cost. (Capital Advances are shown separately under Long Term Loans and Advances)
- (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.
- (e) All costs including financing costs, till commencement of commercial production are capitalized
- (f) Intangible assets are stated at cost of acquisition less accumulated amortization.

**2.5 Valuation of Inventories:**

Raw Materials, Trading goods and Stores & Spares are valued at lower of cost or net realizable value after considering the credit of VAT and CENVAT. Inventories of Finished Goods and Work in Process are valued at lower of cost or net realizable value. Stock in transit and Stock lying at third party Premises are valued at cost. Cost of Finished Goods is determined using the absorption costing principle . Cost includes cost of material consumed, labour and systematic allocation of variable and fixed production overheads including excise duty at applicable rates.



## **2.6 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

## **2.7 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.

## **2.8 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 benefits:**

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

## **2.9 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

## **2.10 Depreciation:**

- (a) Depreciation on depreciable assets (other than mentioned in point “b” below) 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) Intangible assets are amortized for a period of 5 years

**2.11 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 Statement of Profit and Loss 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 Statement of Profit and Loss. 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 Statement of Profit and Loss .

**2.12 Borrowing cost:**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred

**2.13 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 outstanding for basic EPS purpose . Diluted earning per Share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by the weighted average number of Equity shares outstanding for diluted EPS purpose .

**2.14 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.

**2.15 Provisions, Contingent Liability and Contingent Asset**

- (a) Provision involving substantial degree of estimation in measurement is recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- (b) Contingent liabilities are not recognized but are disclosed in the notes.
- (c) Contingent Assets are neither recognized nor disclosed in the financial statements




**Notes forming part of the financial statements**

(Amount in ₹)

<b>Note 3 : Share Capital</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
The Authorised, issued, subscribed and fully paid up share capital comprises of equity shares having a par value of ₹ 10 each as follows:		
<b>Authorised :</b> 14,00,00,000 Equity Shares of ₹ 10/- each (Previous year : 11,00,00,000 Equity Shares of ₹ 10/- each)	1 40 00 00 000	1 10 00 00 000
<b>Issued, subscribed &amp; fully paid-Up:</b> 8,49,66,700 Equity Shares of ₹ 10/- each fully paid up (Previous year : 8,49,66,700 Equity Shares of ₹ 10/- each fully paid up)	84 96 67 000	84 96 67 000
<b>Total</b>	<b>84 96 67 000</b>	<b>84 96 67 000</b>

**a) Reconciliation of number of shares:**

	<b>As at March 31, 2012</b>		<b>As at March 31, 2011</b>	
<b>Equity Shares</b>	<b>Number of shares</b>	<b>Amount (in ₹)</b>	<b>Number of shares</b>	<b>Amount (in ₹)</b>
Shares outstanding at the beginning of the year	8 49 66 700	84 96 67 000	8 49 66 700	84 96 67 000
Changes during the Year	—	—	—	—
<b>Shares Outstanding at the end of the year</b>	<b>8 49 66 700</b>	<b>84 96 67 000</b>	<b>8 49 66 700</b>	<b>84 96 67 000</b>

**b) Terms/rights, preferences and restrictions attached to securities:**
**Equity shares:**

The company has one class of equity share having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of directors is subject to the approval of shareholders in the ensuing Annual general meeting, except in case of interim dividend. In the case of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts, in proportion to their shareholding.

**c) Details of Shareholders holding more than 5% in the Company**

<b>Particulars</b>	<b>As at March 31, 2012</b>		<b>As at March 31, 2011</b>	
<b>Equity shares</b>	<b>No. of shares</b>	<b>% of holding</b>	<b>No. of shares</b>	<b>% of holding</b>
Shah Alloys Limited	3 02 56 989	35.61	3 02 56 989	35.61
Rajendrabhai V. Shah*	0	0.00	1 22 64 200	14.43
SAL Care Pvt Limited	1 27 02 900	14.95	0	0.00
<b>Total</b>	<b>4 29 59 889</b>	<b>50.56</b>	<b>4 25 21 189</b>	<b>50.04</b>

\* Including 3.48% of holding as Karta

**d) Terms of securities convertible into equity shares:**
**Convertible warrants:**

On February 3 2012, 3,20,00,000 convertible warrants were issued for cash at ₹ 10/- each to strategic investors and to persons belonging to promoters and promoters group category aggregating to ₹ 32,00,00,000 convertible into 3,20,00,000 no. of equity shares of face value of ₹10/- each, out of which the company has received amount equivalent to 25% of the total consideration per warrant. Accordingly company has received money to the extent of ₹ 8,00,00,000 and allotted 3,20,00,000 warrants of ₹ 10/- each on February 3, 2012. The lock in requirements of above warrants and/or equity shares arising on conversion of warrants into equity shares be in accordance with the provisions of SEBI(ICDR) Regulations , 2009 [at the sole option of warrant holder(s) at any time within a period of 18 months from the date of allotment of warrants.]

The Company has fully utilised money received against issue of convertible warrant of ₹ 8,00,00,000 towards working capital requirements.



# S.A.L. STEEL LIMITED

## Notes forming part of the financial statements [Contd...]

(Amount in ₹)

Note 4 : Reserves and surplus	As At March 31, 2012	As At March 31, 2011
(A) Security premium reserve: Balance as per last financials	28 78 20 080	28 78 20 080
(B) Other reserves:		
(i) General Reserves: Balance as per last financials	5 11 096	5 11 096
(ii) Surplus in Statement of Profit & Loss : Balance as per last financials	11 84 90 566	11 57 63 811
Add: Profit for the Year	41 89 854	27 26 755
Closing Balance	12 26 80 420	11 84 90 566
<b>Total</b>	<b>41 10 11 596</b>	<b>40 68 21 742</b>

Note 5 : Long term borrowings	As At March 31, 2012	As At March 31, 2011
(A) Secured :		
(i) From banks		
Term loans	99 20 15 941	1 15 47 98 095
Vehicle loans	90 74 707	35 16 827
(ii) From other parties (financial institutions)		
Vehicle loans	21 54 482	10 000
(B) Unsecured:		
(i) Deferred payment liabilities: Deferred sales tax liability	1 35 78 495	1 35 78 495
(ii) Loans and advances from related parties: Inter corporate Deposit	50 00 00 000	70 00 00 000
<b>Total</b>	<b>1 51 68 23 625</b>	<b>1 87 19 03 417</b>

### Secured Borrowings:

#### (a) Nature of security and terms of repayment for secured borrowings

##### Term loan:

Term Loans are Secured by first charge on all the Immovable and Movable assets present & future ranking parri passu with charges created/to be created in favour of other institution/banks subject to second charge on current assets in favour of the company's bankers for working capital borrowings. The Loan is further secured by pledge of 1,07,56,989 shares of SAL Steel Limited hold by Shah Alloys Limited and personal guarantees of (i) Shri Rajendrabhai V. Shah (ii) Smt. R.R. Shah (iii) Shri Jayesh V. Shah (iv) and Corporate Guarantee of M/s Shah Alloys Limited.(Amounting to ₹ 207,50,00,000/-) Term Loan is repayable over a period of 6 years.

##### Terms of repayment for term loans as set out below :

(Amount in ₹)

Particulars	2nd Year	3rd Year	4th Year	Beyond 4 Years
Base Rate+6.75%	7 88 00 000	7 88 00 000	7 88 00 000	4 96 87 813
Base Rate+5.25%	3 86 52 632	3 86 52 632	3 86 52 632	8 81 97 648
PLR +2.00%	11 97 00 000	11 97 00 000	14 25 00 000	6 88 72 584
PLR +1.50%	1 26 00 000	1 26 00 000	1 11 00 000	1 47 00 000
Term Loans from banks	24 97 52 632	24 97 52 632	27 10 52 632	22 14 58 045

#### (b) Period and amount of default as on the balance sheet date

The company has made a default in repayment of Principal amount of Term Loan to the extent of ₹ 2,45,60,397/- as at the balance sheet date. The company has also defaulted in payment of interest on term loan to the extent of ₹ 1,69,08,531/- as at the balance sheet date. The period of default on repayment of principal and payment of interest is ranging for a period from 3 days to 87 days and 12 days to 47 days respectively.

##### Vehicle loan:

Vehicle loans from "banks" are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 10 to 12% p.a.

**Notes forming part of the financial statements [Contd...]**

Vehicle loans from “financial institutions” are secured by hypothecation of vehicles and are repayable over a period of 3 years carrying rate of interest 10 to 12 %p.a.

**Terms of repayment for vehicle loans as set out below :**

**(Amount in ₹)**

Particulars	2013-14	2014-15
Vehicle loans	86 05 903	26 23 286

**Unsecured Borrowings:****(a) Deferred sales tax liability :**

Deferred sales tax liability is interest free and payable in six equal annual installments of ₹ 22,63,082/- each payable from 1st May, 2016

**(b) Loans and advances from related parties:**

The company has taken an interest free inter corporate deposit.

**Terms of repayment for loan taken from related party is as set out below :**

**(Amount in ₹)**

Particulars	2013-14	2014-15	2015-16
Inter corporate deposit	20 00 00 000	20 00 00 000	10 00 00 000

The company has defaulted in repayment of Inter corporate deposit to the extent of ₹ 10,00,00,000/- which was due for repayment in the Financial year 2011-12

**(Amount in ₹)**

<b>Note 6: Deferred tax liabilities(Net)</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
<b>Deferred tax liabilities</b>		
Fixed Asset: Impact of difference between tax depreciation and depreciation charged for the financial reporting	25 29 93 932	27 46 80 748
<b>Gross deferred tax liability(A)</b>	<b>25 29 93 932</b>	<b>27 46 80 748</b>
<b>Deferred tax assets</b>		
Unabsorbed Business Loss	15 55 45 013	18 26 06 922
Gratuity and Leave Encashment	25 55 697	20 51 108
<b>Gross deferred tax asset(B)</b>	<b>15 81 00 710</b>	<b>18 46 58 030</b>
<b>Net deferred tax liability(A-B)</b>	<b>9 48 93 222</b>	<b>9 00 22 718</b>

<b>Note 7: Other Long term Liabilities</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
<b>Others:</b>		
Trade Deposit	7 00 00 000	7 00 00 000
<b>Total</b>	<b>7 00 00 000</b>	<b>7 00 00 000</b>

<b>Note 8: Long term provisions</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
<b>Provision for employee benefits:</b>		
Provision for Gratuity	33 54 046	26 37 929
Provision for leave encashment	9 65 348	7 98 644
<b>Total</b>	<b>43 19 394</b>	<b>34 36 573</b>



# S.A.L. STEEL LIMITED

## Notes forming part of the financial statements [Contd...]

(Amount in ₹)

Note 9 : Short term borrowings	As At March 31, 2012	As At March 31, 2011
(A) Secured: Loans repayable on demand From Banks:		
Cash Credit facilities	30 22 38 495	34 39 06 229
(B) Unsecured: Loans and advances from related parties:		
- From directors	83 19 081	83 19 081
- Inter corporate deposit	2 77 95 150	0
Deposits:		
- Inter corporate deposit	12 00 43 528	0
<b>Total</b>	<b>45 83 96 254</b>	<b>35 22 25 310</b>

### Nature of security provided for short term borrowings:

Cash Credit facilities are Secured by hypothecation of entire current assets of the company on parri passu basis with the consortium member banks & second charge on fixed assets of the company on parri passu basis with consortium member banks subject to first charge on parri passu basis with the Union bank of India, State bank of India and State bank of Hyderabad for their respective Loans. The Loans are further secured by personal guarantee of i) Shri Rajendrabhai V. Shah ii) Smt. R.R. Shah iii) Shri Jayesh .V. Shah and iv) Corporate guarantee of M/s Shah Alloys Limited(Amounting to ₹ 207,50,00,000/-)

### Inter corporate loan:

The company has taken loan during the year from two related parties as mentioned herewith: (a) SAL Care Private Limited of ₹ 1,75,00,000 and (b) SAL Corporation Private Limited of ₹ 1,00,00,000. These parties are covered under the register maintained under section 301 of the Companies Act , 1956.

Note 10 : Trade Payables	As At March 31, 2012	As At March 31, 2011
Due to Micro, Small and Medium Enterprises *	0	0
Other than Micro, Small and Medium Enterprises	68 05 54 930	52 33 47 738
<b>Total</b>	<b>68 05 54 930</b>	<b>52 33 47 738</b>

\* 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.

Note 11: Other current liabilities	As At March 31, 2012	As At March 31, 2011
(a) Current Maturities of Long term Debt	39 57 54 690	17 31 39 815
(b) Interest accrued but not due on borrowings	1 69 13 856	1 80 42 597
(c) Interest accrued and due on borrowings	0	0
(d) Income received in advance	4 59 92 066	77 40 670
(e) Other payables:		
- Statutory dues & unpaid expense	7 62 06 617	4 09 29 820
- Creditors for capital goods	1 00 38 476	1 02 23 492
- Inter corporate deposit	10 00 00 000	0
<b>Total</b>	<b>64 49 05 705</b>	<b>25 00 76 394</b>

Note 12 : Short term provisions	As At March 31, 2012	As At March 31, 2011
<b>Provision for Employee Benefits:</b>		
Provision for bonus	30 60 708	27 97 080
Provision for gratuity	3 91 544	88 146
Provision for leave encashment	1 05 365	0
<b>Others:</b>		
Provision for income tax(net off advance tax)	16 94 852	59 45 031
Provision for wealth tax	76 448	63 179
	<b>53 28 917</b>	<b>88 93 436</b>


**Notes forming part of the financial statements [Contd...]**
**Note 13: Fixed Assets**
**(Amount in ₹)**

<b>TANGIBLE ASSETS :</b>								
<b>PARTICULARS</b>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant and Machineries</b>	<b>Furniture and Fixtures</b>	<b>Vehicles</b>	<b>Office Equipment</b>	<b>Computer</b>	<b>Total</b>
<b>Cost of Assets</b>								
As at 1 <sup>st</sup> April 2010	5 22 64 112	44 31 32 186	208 23 69 465	61 96 300	7 10 40 743	31 38 172	91 74 380	266 73 15 358
Addition	0	0	0	0	72 83 892	2 00 591	1 53 621	76 38 104
Disposal/Adjustments	1 69 510	0	0	0	0	0	0	1 69 510
<b>As at 31<sup>st</sup> March 2011</b>	<b>5 20 94 602</b>	<b>44 31 32 186</b>	<b>208 23 69 465</b>	<b>61 96 300</b>	<b>7 83 24 635</b>	<b>33 38 763</b>	<b>93 28 001</b>	<b>267 47 83 952</b>
Addition	0	0	0	0	2 34 50 516	5 77 387	2 66 625	2 42 94 527
Disposal/Adjustments	0	0	0	0	20 11 006	0	0	20 11 006
<b>As at 31<sup>st</sup> March 2012</b>	<b>5 20 94 602</b>	<b>44 31 32 186</b>	<b>208 23 69 465</b>	<b>61 96 300</b>	<b>9 97 64 145</b>	<b>39 16 150</b>	<b>95 94 626</b>	<b>269 70 67 473</b>
<b>Depreciation</b>								
As at 1 <sup>st</sup> April 2010	0	5 42 77 473	72 60 28 563	16 77 505	1 88 38 927	5 59 663	24 57 859	80 38 39 990
Charge for the year	0	1 47 99 525	16 20 28 810	3 92 225	78 87 720	1 55 792	15 01 730	18 67 65 802
Disposal/Adjustments	0	0	0	0	0	0	0	0
<b>As at 31<sup>st</sup> March 2011</b>	<b>0</b>	<b>6 90 76 998</b>	<b>88 80 57 373</b>	<b>20 69 730</b>	<b>2 67 26 647</b>	<b>7 15 455</b>	<b>39 59 589</b>	<b>99 06 05 792</b>
Charge for the year	0	62 71 061	16 03 55 793	3 92 225	95 79 389	1 63 841	15 24 418	17 82 86 727
Disposal/Adjustments	0	0	0	0	- 9 03 883	0	0	- 9 03 883
<b>As at 31<sup>st</sup> March 2012</b>	<b>0</b>	<b>7 53 48 059</b>	<b>104 84 13 166</b>	<b>24 61 955</b>	<b>3 54 02 153</b>	<b>8 79 296</b>	<b>54 84 007</b>	<b>116 79 88 636</b>
<b>Net Block</b>								
As at 31 <sup>st</sup> March 2011	5 20 94 602	37 40 55 188	119 43 12 092	41 26 570	5 15 97 988	26 23 308	53 68 412	168 41 78 160
As at 31 <sup>st</sup> March 2012	5 20 94 602	36 77 84 127	103 39 56 299	37 34 345	6 43 61 992	30 36 854	41 10 619	152 90 78 837

**INTANGIBLE ASSETS :**
**(Amount in ₹)**

<b>PARTICULARS</b>	<b>Software</b>	<b>Total</b>
<b>Cost of Assets</b>		
As at 1 <sup>st</sup> April 2010	1 15 30 000	1 15 30 000
Addition	0	0
Disposal/Adjustments	0	0
<b>As at 31<sup>st</sup> March 2011</b>	<b>1 15 30 000</b>	<b>1 15 30 000</b>
Addition	0	0
Disposal/Adjustments	0	0
<b>As at 31<sup>st</sup> March 2012</b>	<b>1 15 30 000</b>	<b>1 15 30 000</b>
<b>Depreciation</b>		
As at 1 <sup>st</sup> April 2010	26 52 347	26 52 347
Charge for the year	23 06 000	23 06 000
Disposal/Adjustments	0	0
<b>As at 31<sup>st</sup> March 2011</b>	<b>49 58 347</b>	<b>49 58 347</b>
Charge for the year	23 06 000	23 06 000
Disposal/Adjustments	0	0
<b>As at 31<sup>st</sup> March 2012</b>	<b>72 64 347</b>	<b>72 64 347</b>
<b>Net Block</b>		
As at 31 <sup>st</sup> March 2011	65 71 653	65 71 653
As at 31 <sup>st</sup> March 2012	42 65 653	42 65 653



## S.A.L. STEEL LIMITED

### Notes forming part of the financial statements [Contd...]

CAPITAL WORK IN PROGRESS	31.03.2012	31.03.2011
Building and Plant & Machinery	80 71 81 973	77 70 77 945
Pre-operative Expenses	36 30 04 435	32 95 68 376
Amount of borrowing cost capitalized	17 02 58 393	9 99 26 297
<b>Total</b>	<b>134 04 44 801</b>	<b>120 65 72 618</b>

Cost of Fixed Assets and pre-operative expenses, being technical matter, are capitalized or allocated to Capital work in progress on the basis of data certified by technical person & the Management.

Borrowing cost includes interest and other bank charges to the extent that they are regarded as an adjustment to interest costs which are directly related to the acquisition & construction of a qualifying asset.

Advances to Project suppliers are shown under Long term loans & advances included in Capital advances.

(Amount in ₹)

<b>Note 14: Long Term Loans and Advances (Unsecured, considered good unless otherwise stated)</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
Capital Advances	46 86 26 101	48 65 70 000
Security Deposits	1 50 68 811	1 87 76 552
<b>Total</b>	<b>48 36 94 912</b>	<b>50 53 46 552</b>

<b>Note 15: Inventories (At lower of cost or net realisable value )</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
<b>(As taken, valued and certified by the management)</b>		
Raw Materials		
i) In stock	17 00 77 214	8 74 55 819
ii) In Transit / with third party	18 62 39 454	6 82 93 691
Work in Progress	1 15 76 736	39 44 904
Finished Goods	17 06 18 948	11 61 23 537
Stores and Spares	14 57 02 250	14 06 80 773
Others:		
By Products	2 81 87 536	11 20 29 824
<b>Total</b>	<b>71 24 02 138</b>	<b>52 85 28 548</b>

<b>Note 16: Trade receivables (Unsecured, considered good unless otherwise stated)</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
Trade Receivable outstanding for more than six months from the date they became due for payments	6 36 19 023	6 95 81 541
Others	42 62 79 788	5 55 07 441
<b>Total</b>	<b>48 98 98 811</b>	<b>12 50 88 982</b>

Sundry trade receivables include dues from Associate Concern in which directors of the company are interested of ₹13,93,26,289 (Previous Year: ₹ 2,98,88,134)


**Notes forming part of the financial statements [Contd...]**
**(Amount in ₹)**

<b>Note 17: Cash and bank balances</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
(A) Cash and cash equivalents:		
i) Balances with banks(in current Accounts)	22 13 589	28 02 516
ii) Cash on Hand	19 22 263	9 18 425
	<b>41 35 852</b>	<b>37 20 941</b>
(B) Other bank balances:		
Margin Money*	6 15 92 946	5 96 95 650
<b>Total</b>	<b>6 57 28 798</b>	<b>6 34 16 591</b>

\* Margin Money deposits with a carrying amount of ₹ 6,15,92,946 (Previous Year: ₹ 5,96,95,650) are given as margin against Letter of Credit / Bank Guarantee opened with bank

<b>Note 18: Short term loans and advances (Unsecured, considered good unless otherwise stated)</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
<b>Others:</b>		
Loans and Advances to Related Parties	0	0
Loans and Advances to Employees	19 49 170	7 03 563
Balance with Government Authority	9 29 35 043	20 44 94 031
Advances recoverable in cash or in kind	9 32 13 301	10 03 36 836
<b>Total</b>	<b>18 80 97 514</b>	<b>30 55 34 430</b>

<b>Note 19: Other Current Assets</b>	<b>As At March 31, 2012</b>	<b>As At March 31, 2011</b>
Interest Receivable	22 89 179	11 56 794
<b>Total</b>	<b>22 89 179</b>	<b>11 56 794</b>

<b>Contingent liabilities and commitments (to the extent not provided for):</b>	<b>As at March 31,2012</b>	<b>As at March 31,2011</b>
<b>(A) Contingent liabilities:</b>		
<b>(i) Claims against the company not acknowledged as debts:</b>		
With Government Authorities	26 35 60 433	3 65 63 595
Others	5 35 88 531	5 00 07 352
<b>(ii) Guarantees:</b>		
Corporate guarantee given for Shah Alloys Limited	80 00 00 000	80 00 00 000
<b>Note:</b> The guarantee amount keeps on reducing to the extent SAL Steel Limited repays Inter corporate deposit to Shah Alloys Limited. The Guarantee ceases to exist upon repayment of entire amount of Inter corporate deposit to Shah Alloys Limited		
Bank guarantee given	11 27 000	26 27 000
<b>(iii) Other money for which company is contingently liable:</b>		
Letter of credit	7 59 70 000	4 93 75 000

**(B) Commitment:**

Estimated amount of contracts, remaining to be executed on capital account and not provided for ₹ 11,46,93,887 net of advance (Previous Year : ₹ 49,69,11,814).



# S.A.L. STEEL LIMITED

## Notes forming part of the financial statements [Contd...]

(Amount in ₹)

Note 20: Revenue from operations	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
Sale of products	350 73 91 832	312 15 62 780
Sale of services	10 11 000	0
Other operating revenues	0	29 05 12 017
	<b>350 84 02 832</b>	<b>341 20 74 797</b>
Less: Excise duty	23 26 44 733	21 11 64 617
<b>Total</b>	<b>327 57 58 099</b>	<b>320 09 10 180</b>

Note 20.1: Particulars of Sale of Products	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
Sponge Iron	203 22 48 481	144 86 72 082
Ferro Alloys	40 26 60 228	83 61 53 216
Others	28 22 00 873	25 18 50 567
Power	79 02 82 250	58 48 86 915
<b>Total</b>	<b>350 73 91 832</b>	<b>312 15 62 780</b>

Note 21: Other income	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
<b>Interest income:</b>		
Interest on FDR	50 67 840	33 00 427
Interest Income (Others)	40 11 566	13 59 170
<b>Non operating income:</b>		
Rent Income	9 60 000	9 76 730
Miscellaneous receipts	4 50 770	2 80 894
Profit due to sale of assets	3 57 76 191	3 16 490
Sundry balances written back(net)	1 73 47 124	1 56 99 917
Foreign exchange fluctuation gain (net)	0	18 45 176
<b>Total</b>	<b>6 36 13 491</b>	<b>2 37 78 804</b>

Note 22: Cost of material consumed	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
<b>Raw material consumed</b>		
Opening stock	8 66 94 594	29 86 31 112
Purchases and Direct Expense	218 18 86 609	181 35 52 277
Less :Closing stock	15 52 71 745	8 66 94 594
<b>Total</b>	<b>211 33 09 458</b>	<b>202 54 88 795</b>




**Notes forming part of the financial statements [Contd...]**

(Amount in ₹)

<b>Note 23: Changes in inventories of finished goods, work-in-progress and Stock-in-Trade.</b>	<b>For the Year ended on 31st March 2012</b>	<b>For the Year ended on 31st March 2011</b>
<b>A) Opening stock</b>		
Finished goods	11 61 23 537	4 14 50 299
Work in progress	39 44 904	5 00 92 036
By-products	11 20 29 824	17 77 93 241
<b>Sub-Total (A)</b>	<b>23 20 98 265</b>	<b>26 93 35 576</b>
<b>B) Less: Closing stock</b>		
Finished goods	17 06 18 948	11 61 23 537
Work in progress	1 15 76 736	39 44 904
By-products	2 81 87 536	11 20 29 824
<b>Sub-Total (B)</b>	<b>21 03 83 220</b>	<b>23 20 98 265</b>
<b>Total(A-B)</b>	<b>2 17 15 045</b>	<b>3 72 37 311</b>

<b>Note 24: Employee benefits expense</b>	<b>For the Year ended on 31st March 2012</b>	<b>For the Year ended on 31st March 2011</b>
Salaries, wages & bonus	8 33 93 904	6 90 56 814
Contribution to provident & other funds	30 67 387	28 46 483
Staff welfare expenses	38 05 448	33 33 308
<b>Total</b>	<b>9 02 66 739</b>	<b>7 52 36 605</b>

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

**Defined contribution plan:**

<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
Employer's Contribution to Provident Fund	16 87 655	16 69 990
Key Managerial Personnel's Contribution	38 160	38 160

**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 balance of Defined Benefit Obligation:**

<b>Particulars</b>	<b>Gratuity(Unfunded)</b>		<b>Leave Encashment(Unfunded)</b>	
	<b>2011-12</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2010-11</b>
Opening defined benefit obligation at the beginning of the year	27 26 075	20 82 822	7 98 644	3 63 424
Current Service cost	11 66 149	10 65 430	4 98 795	3 31 995
Interest cost	2 24 901	1 71 833	65 888	29 983
Actuarial (Gain) / Loss	- 2 83 389	- 4 95 989	- 2 92 613	73 242
Benefits paid	- 88 146	- 98 020	-	-
Closing defined benefit obligation at the end of the year	37 45 590	27 26 076	10 70 714	7 98 644



## S.A.L. STEEL LIMITED

### Notes forming part of the financial statements [Contd...]

#### II. Reconciliation of opening and closing balance of fair value of plan assets:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Opening fair value of plan assets				
Expected return on plan assets				
Actuarial Gain / (Loss)	Not applicable as Gratuity Liability is not funded		Not applicable as leave Liability is not funded	
Employer contribution				
Benefits paid				
Closing fair value of plan assets				

#### III. Reconciliation of fair value of assets and obligation:

(Amount in ₹)

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Fair value of plan assets	-	-	-	-
Present value of obligation	37 45 590	27 26 075	10 70 713	7 98 644
Amount recognised in balance sheet	37 45 590	27 26 075	10 70 713	7 98 644

#### IV. Expense recognised during the year (under the head "Employee benefit expense" of Notes '24')

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Service cost	11 66 149	10 65 430	4 98 795	3 31 995
Interest cost	2 24 901	1 71 833	65 888	29 983
Expected return on plan assets	-	-	-	-
Actuarial Gain /(Loss)	- 2 83 389	- 4 95 989	- 2 92 613	73 242
Net cost included in 'Employee Benefit Expense'	11 07 661	7 41 274	2 72 070	4 35 220

#### V. Investment details:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2011-12	2010-11	2011-12	2010-11
GOI Securities				
Public Securities				
Special Deposit Schemes				
State Govt. Securities	Not applicable as Gratuity Liability is not funded		Not applicable as leave Liability is not funded	
Private Sector Securities				
Insurance Policies				
Others				

#### VI. Actuarial assumptions:

Particulars	Gratuity(Unfunded)		Leave Encashment(Unfunded)	
	2011-12	2010-11	2011-12	2010-11
Mortality Table	LIC 1994-96	LIC 1994-96	LIC 1994-96	LIC 1994-96
Discount rate (per annum)	8.50%	8.25%	8.50%	8.25%
Expected rate of return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%	6.00%


**Notes forming part of the financial statements [Contd...]**
**VII Amount for the current and previous four periods are as follows:-**
**(Amount in ₹)**

Particulars	31/03/2012	31/03/2011	31/03/2010	31/03/2009	31/03/2008
<b>Gratuity (Unfunded)</b>					
Defined Benefit obligation	37,45,590	27,26,075	20,82,822	14,44,084	10,29,217
Plan assets	—	—	—	—	—
Surplus / (Deficit)	(37,45,590)	(27,26,075)	(20,82,822)	(14,44,084)	(10,29,217)
Experience adjustments on plan liability	(1,87,834)	(5,35,509)	(3,47,638)	—	(3,51,409)
Experience adjustments on plan assets	—	—	—	—	—
<b>Leave encashment (Unfunded)</b>					
Defined benefit obligation	10,70,713	7,98,644	3,63,424	5,74,625	4,84,709
Experience adjustment on plan liability	(2,64,108)	73,242	(3,95,914)	-	(1,98,960)

**VIII Expected Employer's Contribution for the financial year**

On the basis of previous year's trend company is expecting to contribute the same amount as in 2011-12 (₹ 16,87,655/-) to the defined contribution plan.

However, for the defined benefit plan company is not liable to contribute any amount as the plans are unfunded.

The estimate 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.

<b>Note 25: Finance costs</b>	<b>For the Year ended on 31st March 2012</b>	<b>For the Year ended on 31st March 2011</b>
(A) Interest expense:		
Term loans	13 13 30 728	11 54 86 766
Working capital	4 74 48 124	6 00 43 969
Others	1 46 93 023	79 22 669
(B) Other borrowing cost:	3 76 97 342	3 79 27 495
<b>Total</b>	<b>23 11 69 217</b>	<b>22 13 80 899</b>



# S.A.L. STEEL LIMITED

## Notes forming part of the financial statements [Contd...]

(Amount in ₹)

Note 26: Other expenses	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
Consumption of stores & spares	3 26 29 494	6 02 67 562
Power & fuel (Including cost of power generation)	30 93 08 431	47 03 55 016
Labour charges	3 07 35 723	2 06 02 485
Rent expenses	33 19 809	29 13 671
Rates & taxes(incl. wealth tax of ₹ 76448)[Previous year wealth tax ₹ 74069/-]	47 34 080	35 81 177
Legal, consultancy & professional charges	66 76 666	38 94 313
Commission and Brokerage expense	33 21 074	46 35 033
Bad debts	0	14 09 844
Payment to Auditors #	5 74 510	5 00 000
Freight outward	1 22 36 668	2 92 52 709
Sales tax	1 63 64 605	1 19 22 189
Service tax	7 57 892	12 49 354
Repairs		
- to Factory building	3 29 288	6 16 636
- to Plant & machinery	27 58 707	4 85 838
- to Others	82 15 173	65 18 201
Insurance	19 36 567	12 84 377
Excise duty adjustment for stock*	1 17 09 969	62 88 753
Excise duty expense**	14 00 98 115	0
Loss on sale of fixed assets	5 46 123	0
Foreign exchange fluctuation loss (Net)	2 02 94 013	0
Miscellaneous expenses	3 13 94 172	2 56 20 047
<b>Total</b>	<b>63 79 41 079</b>	<b>65 13 97 205</b>

\* Excise duty adjustment for stock represents the difference between excise duty on opening and closing stock of finished goods.

\*\* Excise duty expense pertains to availment of re-credit of amounts disallowed by the excise department

# Payments to Auditors	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
As Auditors	4,50,000	4,00,000
For other services	1,24,510	1,00,000
<b>Total</b>	<b>5,74,510</b>	<b>5,00,000</b>

Note 27: Prior period items	For the Year ended on 31st March 2012	For the Year ended on 31st March 2011
(a) Debit relating to earlier years	67,68,075	49,07,068
(b) Credit relating to earlier years	11,78,574	27,47,850
<b>Total</b>	<b>55,89,501</b>	<b>21,59,218</b>



## Notes forming part of the financial statements [Contd...]

**28 Foreign currency exposure at the year end not hedged by derivative instruments:**

- a) The Company has entered into forward contracts to offset foreign currency risks arising from the amounts denominated in currencies other than the Indian Rupee. The counter parties to such forward contracts are banks. Consequent to the announcement issued by the Institute of Chartered Accountants of India on Accounting of Derivatives, details of derivatives contracts outstanding as on 31-03-2012 are as under:

Year	Currency	Exposure to Buy/Sell	No. of contracts	Amount in ₹	Amount in USD
2011-12	USD	Buy	2	1,49,96,361	2,93,147
2010-11	—	—	—	—	—

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

	As at 31st March 2012	As at 31st March 2011
<b>Payables against import of goods and services</b>		
Rupees	2,00,45,842	6,19,67,435
US Dollar	3,91,853	13,88,000

**29 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 stake 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.

**30 RELATED PARTY DISCLOSURES**

- (a) List of Related Parties and Relationships:

- i. Concern where significant interest exists.

Name of the Concern	Nature of Relationship
Shah Alloys limited	Associate
SAL Care Private Limited	Promoter Group company
SAL Corporation Private Limited	Promoter Group company

- ii. Key Management Personnel and Relatives.

1. Shri Rajendra V. Shah	Chairman
2. Shri K.C.Thatoi	Managing Director
3. Shri Sujal Shah	Executive Director

- (b) Disclosure of Related Party Transactions

(Amount in ₹)

Nature of Transaction	Parties mentioned at a (i) above		Key management personnel	
	2011-12	2010-11	2011-12	2010-11
Purchases	2,41,48,254	2,22,86,571	0	0
Sales (incl. power)	1,55,63,15,106	2,23,20,67,053	0	0
Rent Income	9,60,000	9,60,000	0	0
Loan taken	2,75,00,000	0	0	58,85,481
Remuneration to directors	0	0	46,32,000	42,32,000
Interest expense	3,27,945	0	0	0



## S.A.L. STEEL LIMITED

### 31 EARNING PER SHARE

PARTICULARS	Amount in ₹ 2011-12	Amount in ₹ 2010-11
Net Profit for the year attributable to Equity shareholders	41,89,854	27,26,755
Weighted average number of Equity Shares outstanding for Basic EPS	8,49,66,700	8,49,66,700
Weighted average number of Equity Shares outstanding for Diluted EPS	9,00,37,738	8,49,66,700
Basic earnings per share (face value of ₹ 10 each)	0.0493	0.0321
Diluted earnings per share (face value of ₹ 10 each)	0.0465	0.0321

32 Certain Balance of Debtors, Creditors, Loans & Advances for capital Expenditures 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.

33 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 Statement of profit And Loss.

34 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.

35 Balances of Unsecured Loans, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.

### 36 Information regarding stock:

#### (A) Consumption of Raw materials:

Class of Goods	2011-12 (Amount in ₹)	2010-11 (Amount in ₹)
- Iron Ore	127,12,11,092	97,15,55,950
- Steam Coal	63,25,32,661	48,02,30,997
- Chrome Ore	1,40,39,800	29,16,28,459
- Others	19,55,25,905	28,20,73,389
<b>TOTAL :-</b>	<b>211,33,09,458</b>	<b>202,54,88,795</b>

#### (B) Work in progress:

Product	2011-12 (Amount in ₹)	2010-11 (Amount in ₹)
Work in progress:		
Sponge Iron	45,56,736	13,84,160
Ferro Alloys	70,20,000	25,60,744
<b>TOTAL</b>	<b>1,15,76,736</b>	<b>39,44,904</b>

#### (C) Sales, Opening and Closing Stock of Finished Goods:

(Amount in ₹)

Product	Sales		Opening Stock		Closing Stock	
	2011-12 Amount	2010-11 Amount	2011-12 Amount	2010-11 Amount	2011-12 Amount	2010-11 Amount
Steel & Iron	271,71,09,582	253,66,75,865	22,81,53,361	21,92,43,540	19,88,06,484	22,81,53,361

**(D) Details of Goods Traded:**

<b>Goods Purchased</b>	<b>2011-12 (Amount in ₹)</b>	<b>2010-11 (Amount in ₹)</b>
Steel & Iron	5,08,01,797	—

**(E) Value of imports calculated on C.I.F. basis during the financial year in respect of:**

<b>CIF VALUE OF IMPORTS</b>	<b>2011-12 (Amount in ₹)</b>	<b>2010-11 (Amount in ₹)</b>
i) Raw Materials	17,27,46,893	12,61,64,500
ii) Capital Goods	—	—
iii) Components & Spares parts	—	—
<b>(F) Expenditure in Foreign Currency</b>	—	—
<b>(G) Earning in Foreign Exchange</b>	—	—
<b>(H) Amount remitted during the year in Foreign currency in respect of Dividend</b>	—	—

**(I) Value of Raw Materials, Stores, and Chemical & Spares consumed during the year:**

	<b>Amount ( in ₹)</b>		<b>% of Total Consumption</b>	
	2011-12	2010-11	2011-12	2010-11
<b>Raw Materials:</b>				
i) Imported	17,27,46,893	12,61,64,500	8.18	6.23
ii) Indigenous	194,05,62,565	189,93,24,295	91.82	93.77
<b>Total</b>	<b>211,33,09,458</b>	<b>202,54,88,795</b>	<b>100.00</b>	<b>100.00</b>
<b>Stores, Spares &amp; Chemical:</b>				
i) Imported	—	—	—	—
ii) Indigenous	3,26,29,494	6,02,67,562	100.00	100.00
<b>Total</b>	<b>3,26,29,494</b>	<b>6,02,67,562</b>	<b>100.00</b>	<b>100.00</b>

37 The company had entered into a power purchase agreement with Shah Alloys Limited on February 21<sup>st</sup>, 2006 which enunciates minimum guarantee and uninterrupted supply of power. In pursuance of this contract during the year, SAL Steel Limited has recognized income on account of short wheeling of power by Shah Alloys Limited amounting ₹ 31,09,85,750/- since the date of the agreement. This recovery of short wheeling of power by Shah Alloys Limited is included in Sale of power.

38 Till the year ended 31<sup>st</sup> March, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31<sup>st</sup> March, 2012, Revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has re-classified previous year figures to conform to this year's classification. Previous year figures have been re-arranged and re-grouped, wherever necessary to make them comparable with those of current year as per Revised Schedule-VI.

**Signatures to Notes - 1 to 38**

Notes referred to herein above form an integral part of the Financial Statements.

As Per our report of even date

**For, Talati & Talati**

Chartered Accountants

(Firm Regn No.: 110758W)

**Umesh Talati**

Partner

Membership No. 34834

Place : Ahmedabad

Date : 30<sup>th</sup> June, 2012

**Saurabh Madaan**

Company Secretary

For and on behalf of the Board of Directors

**Rajendra V. Shah**

Chairman

**Sujal A. Shah**

Director

**Piyush Chandarana**

Director

**Dr K. C. Thatoi**

Managing Director

**B.M. Singhal**

Director

**Anil Pandya**

Director

**S.A.L. STEEL LIMITED****S.A.L STEEL LIMITED****Registered Office: 5/1, Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380006.****ATTENDANCE SLIP**

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\* \_\_\_\_\_ No. of Shares \_\_\_\_\_

**NAME & ADDRESS OF SHAREHOLDER / PROXY:** \_\_\_\_\_

I certify that I am a shareholder / proxy of the shareholder of the Company.

I/We hereby record my/our presence at the **Ninth Annual General Meeting** of the Company held on Monday, 24<sup>th</sup> September, 2012 at 10.00 A.M. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad – 380060.\_\_\_\_\_  
**Signature of Shareholder / Proxy**

\*Applicable for investors holding shares in electronic (demat) form.

**Note:** Members are requested to bring their copies of Annual Report to the Meeting.**S.A.L STEEL LIMITED****Registered Office: 5/1, Shreeji House, B/h M.J. Library, Ashram Road, Ahmedabad-380006.****PROXY FORM**

DP Id\* \_\_\_\_\_ Master Folio No. \_\_\_\_\_

Client Id\* \_\_\_\_\_

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

being a member/members of **S.A.L Steel Limited** hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or

failing him/her \_\_\_\_\_ of \_\_\_\_\_ as

my/our proxy to vote for me/us and on my/our behalf at the **Ninth Annual General Meeting** of the Company to be held on Monday, 24<sup>th</sup> September, 2012 at 10.00 A.M. at SAL Institute & Engineering Research, Opp. Science city, Ahmedabad – 380060 or at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012 \_\_\_\_\_

**Signature**Affix  
Revenue  
Stamp

\*Applicable for investors holding shares in electronic (demat) form.

**INSTRUCTIONS:**

1. The proxy in order to be effective should be deposited duly stamped, completed and signed at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
2. The Proxy need not be a member of the Company.







**S.A.L. STEEL LIMITED**

If Undelivered please return to:  
Administrative Office

**S.A.L. Steel Limited**

SAL Corporate House, Sola-Kalol Road,  
Santej - 382721, Ta. Kalol,  
Dist. Gandhinagar.  
**[www.salsteel.co.in](http://www.salsteel.co.in)**

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To,