

**NOTICE**

Notice is hereby given that the **TWENTY- FIRST ANNUAL GENERAL MEETING** of the Members of **STEELCO GUJARAT LIMITED** will be held on Thursday, the 29th September, 2011 at 3:30 P.M. at its Registered Office- Plot No. 2, GIDC Estate, Palej- 392 220, Dist. Bharuch, Gujarat to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March , 2011 and the Profit and Loss Account for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Rashmi Chandaria who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Mahendra Lodha who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Mukesh M. Shah & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

SPECIAL BUSINESS:**5. RE-APPOINTMENT OF DR.R.S.MAMAK AS EXECUTIVE VICE CHAIRMAN OF THE COMPANY :**

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

“RESOLVED THAT pursuant to the provisions of Section 198, 269 and 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to statutory approvals, if any, approval be and is hereby accorded to the reappointment of Dr. R. S. Mamak as Executive Vice Chairman of the Company for a period of three years with effect from 20th April 2011 to 19th April, 2014 on the terms and conditions of reappointment including minimum remuneration payable as set out in the agreement to be entered into by the Company with him, with liberty to the Board of Directors to alter and / or to vary the terms and conditions of the said Agreement, including the terms of remuneration which shall not exceed the limits specified in Schedule XIII to the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, as may be agreed to between the Board of Directors and Dr. R. S. Mamak.

RESOLVED FURTHER THAT Dr. R. S. Mamak shall neither be liable to retire by rotation nor be reckoned for determining the number of directors liable to retire by rotation, till the time he holds the office as Executive Vice Chairman.”

6. RE-APPOINTMENT OF AND REUNERATION PAYABLE TO MR. N. M. MOHNOT AS DY. MANAGING DIRECTOR OF THE COMPANY :

To consider and if thought fit, to pass with or without modification(s), following resolution as special resolution –

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and other applicable provisions, if any, read

with Schedule XIII of the Companies Act, 1956 and subject to requisite approvals including Central Government, be and is, hereby accorded to the re-appointment of Mr. N. M. Mohnot as Dy. Managing Director of the Company for a period of three years with effect from 15th June, 2011 to 14th June 2014 on the terms and conditions of reappointment including remuneration payable as set out in the draft agreement to be entered into by the Company with him, with liberty to the Board of Directors to alter and / or to vary the terms and conditions of the said Agreement, including the terms of remuneration, as may be agreed to between the Board of Directors and Mr. N. M. Mohnot.

“RESOLVED FURTHER THAT Mr. N. M. Mohnot shall not be paid any sitting fee for attending meetings of the Board of Directors or its committees from the date of his appointment and neither be liable to retire by rotation nor be reckoned for determining the number of directors liable to retire by rotation, till the time he holds the office as Dy. Managing Director of the Company.”

7. APPOINTMENT OF MR. KRISHNA KUMAR M. JOSHI AS MANAGING DIRECTOR OF THE COMPANY :

To consider and if thought fit, to pass with or without modification(s), following resolution as special resolution –

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to requisite approvals, including Central Government, if any, approval, be and is, hereby accorded to the appointment of Mr. Krishna Kumar M. Joshi as Managing Director of the Company for a period of three years with effect from 20th June, 2011 to 19th June 2014 on the terms and conditions of appointment including remuneration payable as set out in the draft agreement to be entered into by the Company with him, with liberty to the Board of Directors to alter and / or to vary the terms and conditions of the said Agreement, including the terms of remuneration, as may be agreed to between the Board of Directors and Mr. Krishna Kumar M. Joshi.

“RESOLVED FURTHER THAT Mr. Krishna Kumar M. Joshi shall not be paid any sitting fee for attending meetings of the Board of Directors or its committees from the date of his appointment and neither be liable to retire by rotation nor be reckoned for determining the number of directors liable to retire by rotation, till the time he holds the office as Managing Director of the Company.”

8. REMUNERATION PAYABLE TO NON EXECUTIVE INDEPENDENT DIRECTORS:

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

“RESOLVED THAT pursuant to the provisions of section 309, 310 and all other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification(s) or enactment thereof) and the Articles of Association of the Company and subject to statutory approval(s), if any, including Central Government, as may be necessary, consent and approval of the Company be and is hereby accorded for

payment of remuneration of ₹ 5.00 Lacs (Five Lacs) p.a. to each Non Executive Independent Directors or Commission, not exceeding in the aggregate, one percent of the net profits of the Company as computed in the manner laid down by section 198, 349, 350 of the Companies Act 1956, whichever is higher, in addition to the sitting fees and reimbursement of expenses for attending the meetings of the Board and/or Committees thereof for a period of five years w.e.f. 1st April, 2011.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such steps as may be necessary to give effect of this resolution.”

9. **TO CONSIDER AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), THE FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

“**RESOLVED THAT** the approval, be and is, hereby accorded pursuant to Section 31 of the Companies Act, 1956 to the alteration in the Articles of Association as detailed below:

i) **INSERTION OF FOLLOWING NEW CLAUSE 5A**

BUY-BACK OF SECURITIES

2A Notwithstanding anything contained in these Articles, but subject to the provisions of sections 77A and 77B and any other section(s) applicable, if any, of the Act, the Company may purchase its own shares or other specified securities (hereinafter referred to as 'Buy-Back') out of –

- (a) its free reserves; or
- (b) the Securities Premium Account; or
- (c) the proceeds of any shares or other specified securities,

in accordance with the provisions of Sections 77A & 77B of the Act and the Rules / Circulars / Guidelines etc. prescribed by the Central Government and / or by Securities and Exchange Board of India (SEBI) in this behalf.

ii) **SUBSTITUTION OF EXISTING CLAUSE 40A BY FOLLOWING NEW CLAUSE**

POSTAL BALLOT

40A Notwithstanding anything contained in these Articles but subject to provisions of Section 192A and any other section(s) applicable, if any, of the Act and the Rules / Circulars / Guidelines etc prescribed by the Central Government and / or by Securities and Exchange Board of India (SEBI) in this behalf, the Company may, and in case of the resolutions relating to such business as the Central Government may declare to be conducted, only by postal ballot (by electronic or any other mode), the Company shall get any resolution passed by means of a postal ballot, instead of, transacting the business in general meeting of the Company.’

iii) **INSERTION OF FOLLOWING NEW CLAUSE 35A**

NOTICE BY ELECTRONIC MODE

35A Notwithstanding anything contained in these Articles, the Company may send any communication including notice of general meeting, Balance Sheet and Auditor's Report etc. to any persons by electronic mode in accordance with the provisions of the Act and Rules / Circulars / Guidelines etc. with participation of the Central Government and / or by Securities and Exchange Board of India (SEBI) in this behalf.

iv) **INSERTION OF NEW CLAUSE 70A AS FOLLOWS**

MEETING BY ELECTRONIC MODE

70A Notwithstanding anything contained in these Articles, the Company may hold general meeting(s) / Board Meeting(s) / Committee meeting(s) etc. with participation of entitled persons by electronic mode (video conferencing) including voting and any other incidental thing(s) by electronic mode in accordance with the provisions of the Act and Rules / Circulars / Guidelines etc. prescribed by the Central Government and / or by Securities and Exchange Board of India.’

v) **INSERTION OF NEW CLAUSE 55A AS FOLLOWS**

GENERAL AUTHORITY

55A Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company can carry out any transaction only if so authorised by its Articles, then and in that case and even otherwise also these regulations hereby authorise and empower the Company to have such rights, privilege or authority and to carry out such transactions as have been permitted by the Act.’

For and on behalf of the Board,
For Steelco Gujarat Ltd.,

Place : Mumbai

Date : 30/05/2011

N. M. Mohnot

Dy. Managing Director

NOTES:

- (a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form shall be deposited at the registered office of the Company at least 48 hours before the commencement of the meeting.

- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from 23.09.2011 to 29.09.2011 (both days inclusive).

- (c) Members are further requested to:

- Intimate changes, if any, in their registered addresses to the Share Transfer Agent for shares held in physical



form and to their respective Depository Participants for shares held in electronic form.

- Quote Registered Folio number in all the correspondence.
- Consolidate folios, if shareholdings are under multiple folios.
- Bring their copies of Annual Report and the Attendance slips with them at the Annual General Meeting.

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, TO THE ACCOMPANYING NOTICE DATED 30TH MAY, 2011 :

Item No. 5

RE-APPOINTMENT OF DR. R.S.MAMAK AS EXECUTIVE VICE CHAIRMAN:

The members at their Annual General Meeting held on 29th September 2008, had accorded approval to the reappointment of Dr. R. S. Mamak as Executive Vice Chairman of the Company with effect from 20th April 2008 for a period of three years. The said reappointment expires on 19th April 2011. Considering to his valuable contribution and able guidance, on the recommendation of Remuneration Committee, the Board of Directors at its meeting held on 13th April, 2011 approved the re-appointment of Dr. R. S. Mamak as Executive Vice Chairman for a period of three years with effect from 20th April, 2011 on the following major terms and conditions:

- I. Dr. R.S. Mamak shall have the power of General Conduct and management of the business and affairs of the Company.

II. REMUNERATION:

BASIC SALARY : ₹ 50,000/- per month, including dearness allowance.

PART – A

PERQUISITE AND ALLOWANCES :

- (i) Leased accommodation duly furnished on rental basis, including maintenance charges.
- (ii) Gas, electricity, water, municipal and property taxes, etc. at actuals,
- (iii) Soft furnishing at actuals once in three years,
- (iv) Club fees (maximum of two clubs),
- (v) Personal accident and medical insurance,
- (vi) Use of car (if required) and telephone at residence,
- (vii) Medical expenses incurred for self and all dependent family members subject to a ceiling of one month's basic salary per year or three months' basic salary over a period of three years,
- (viii) Leave Travel Concession once in a year from the place of residence to anywhere in the world by air (business class) or by train (AC first class) for self and all dependent family members,
- (ix) Hospitalization reimbursement in accordance with the scheme and rules of the Company

PART B.

- (I) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- (II) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and
- (III) Encashment of leave at the end of the tenure.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, wherein in any financial year, during the currency of the tenure of Dr. R.S. Mamak as Executive Vice Chairman, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above within the limit of Schedule XIII of the Companies Act, 1956.

III TERMINATION

The aforesaid reappointment may be terminated by either party giving at least six months notice in writing in that behalf or notice pay in lieu thereof at the end of which termination of the contract shall take effect.

The terms and conditions of reappointment of Dr. R. S. Mamak as set out above may also be treated as an abstract of the terms of the agreement to be executed between the said appointee and the Company under Section 302 of the Companies Act, 1956.

The agreement to be executed between Dr. R. S. Mamak and the Company is available for inspection to any member of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day upto the date of the Annual General Meeting.

Your Directors seek your approval by way of Special Resolution as set out in item No. 5 of the accompanying Notice. Additional information as required under Schedule XIII to the Companies Act, 1956 is also annexed as Annexure 'I' of the accompanying Notice.

No Director, except Dr. R. S. Mamak, shall be deemed to be interested or concerned in the resolution.

Item No. 6

RE-APPOINTMENT OF MR. N M MOHNOT AS DY. MANAGING DIRECTOR OF THE COMPANY :

The members at their Annual General Meeting held on 29th September, 2008 had accorded approval to the reappointment of Mr. N. M. Mohnot as Dy. Managing Director with effect from 15th June, 2008 for a period of three years.

Considering his valuable contribution and able guidance, on the recommendation of remuneration committee, the Board of Directors at its meeting held on 30th May, 2011 approved the revision in payment of remuneration to Mr. N. M. Mohnot as Dy. Managing Director for period of three years w.e.f. 15th June 2011 on the following terms and conditions :

OTHER CONDITIONS:

- I. Mr. N.M.Mohnot shall have the power of General conduct and management of the business and affairs of the Company subject to the superintendence, control and direction of the Board.

II. REMUNERATION:**BASIC SALARY:**

₹ 4,25,000/- per month, including dearness allowance with the grade of Rs 50,000/- from ₹ 4,25,000 to ₹ 6,25,000/-.

III. PERQUISITIES AND ALLOWANCES**PART-A**

- (I) Leased air-conditioned accommodation on rental basis duly furnished including maintenance charges.
- (II) Gas, electricity and water, municipal and property taxes etc., at actuals,
- (III) Soft furnishing at actuals once in three years,
- (IV) Club fees (maximum of two clubs),
- (V) Personal accident and medical insurance,
- (VI) Use of car (if required) and telephone at residence,
- (VII) Medical expenses incurred for self and all dependent family members subject to a ceiling of one month's basic salary per year or three months' basic salary over a period of three years,
- (VIII) Leave Travel Concession once in a year from the place of residence to anywhere in world by air (business class) or by train (AC first class) for self and all dependent family members,
- (IX) Hospitalization reimbursement in accordance with the scheme and rules of the Company.
- (X) Uniform, Washing, Books and Periodicals and Special Allowance aggregating to ₹ 37,650/- per month.

PART B.

- (I) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- (II) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and part thereof.
- (III) Encashment of leave at the end of the tenure.

PART C.

In addition to the above, he would be entitled for an efficiency increment bonus as per scheme of the Company subject to a maximum of ₹ 17.00 Lacs per annum.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, wherein in any financial year, during the currency of the tenure of Mr. N. M. Mohnot as Dy. Managing Director of the Company, the Company has no profits or its profits are inadequate, the Company will pay remuneration and bonus by way of salary and perquisites as specified above, within the limits as may be allowable in Schedule XIII of the Companies Act, 1956 from time to time.

IV TERMINATION

The aforesaid re-appointment may be terminated by either party giving at least six months notice in writing in that behalf or notice pay in lieu thereof at the end of which period, termination of the contract shall take effect.

The terms and conditions of re-appointment of Mr. N. M. Mohnot as set out above may also be treated as an abstract of the terms of the agreement to be executed between the said appointee and the Company under Section 302 of the Companies Act, 1956.

The agreement to be executed between Mr. N. M. Mohnot and the Company is available for inspection to any member of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day upto the date of the Annual General Meeting.

Your Directors seek your approval by way of Special Resolution as set out in Item No. 6 of the accompanying Notice. Additional information as required under Schedule XIII to the Companies Act, 1956 is also annexed as Annexure 'I' of the accompanying Notice.

No Director, except Mr. N. M. Mohnot, shall be deemed to be interested or concerned in the resolution.

ITEM NO. 7**APPOINTMENT OF MR. KRISHNA KUMAR M. JOSHI AS MANAGING DIRECTOR OF THE COMPANY :**

The Board of Directors at its meeting held on 30th May, 2011 has accorded its approval to the appointment of Mr. Krishna Kumar M. Joshi as additional director of the Company with effect from 20th June, 2011. The Chairman informed the Board that Mr. Krishna Kumar M. Joshi has rich experience and also well versed with Engineering and Auto industry for a period of over 36 years including 16 years exposure as Business Head. Considering his academic achievement, and on the recommendation of Remuneration Committee, the Board of Directors at its meeting held on 30th May, 2011, proposed his appointment as Managing Director of the Company subject to the necessary statutory approval and approval of members with effect from 20th June, 2011 on the following major terms and conditions:

- I. Mr. Krishna Kumar M. Joshi shall have the power of general conduct and management of the business and affairs of the Company subject to the superintendence, control and direction of the Board.

II. REMUNERATION:

BASIC SALARY: ₹ 4,50,000/- per month, including dearness allowance with the grade of ₹ 50,000/- from ₹ 4,50,000 to ₹ 6,50,000/-

III. PERQUISITIES AND ALLOWANCES**PART-A**

- (I) Leased air-conditioned accommodation on rental basis, duly furnished including maintenance charges,
- (II) Gas, electricity and water, municipal and property taxes etc., at actuals,
- (III) Soft furnishing at actuals once in three years,
- (IV) Club fees (maximum of two clubs),
- (V) Personal accident and medical insurance,
- (VI) Use of car (if required) and telephone at residence,
- (VII) Medical expenses incurred for self and all dependent family members subject to a ceiling of one month's



basic salary per year or three months' basic salary over a period of three years,

- (VIII) Leave Travel Concession once in a year from the place of residence to anywhere in world by air (business class) or by train (AC first class) for self and all dependent family members,
- (IX) Hospitalization reimbursement in accordance with the scheme and rules of the Company.
- (X) Uniform, Washing, Books and Periodicals and Special Allowance aggregating to ₹ 32,650/- per month.

PART B.

- (I) Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income tax Act, 1961.
- (II) Gratuity payable at a rate not exceeding half a month's salary for each completed year of service and part thereof.
- (III) Encashment of leave at the end of the tenure.

PART C.

In addition to the above, he would be entitled for an efficiency increment bonus as per scheme of the Company subject to a maximum of ₹ 20.00 Lacs per annum.

MINIMUM REMUNERATION

Notwithstanding anything to the contrary herein contained, wherein in any financial year, during the currency of the tenure of Mr. Krishna Kumar M. Joshi as Managing Director of the Company, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites as specified above, within the limits as may be allowable in Schedule XIII of the Companies Act, 1956 from time to time.

IV TERMINATION

The aforesaid reappointment may be terminated by either party giving at least six months notice in writing in that behalf or notice pay in lieu thereof at the end of which period, termination of the contract shall take effect.

The terms and conditions of appointment of Mr. Krishna Kumar M. Joshi as set out above may also be treated as an abstract of the terms of the agreement to be executed between the said appointee and the Company under Section 302 of the Companies Act, 1956.

The agreement to be executed between Mr. Krishna Kumar M. Joshi and the Company is available for inspection to any member of the Company at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on any working day upto the date of the Annual General Meeting.

Your Directors seek your approval by way of Special Resolution as set out in Item No. 7 of the accompanying Notice. Additional information as required under Schedule XIII to the Companies Act, 1956 is also annexed as Annexure 'I' of the accompanying Notice.

No Director, except Mr. Krishna Kumar M. Joshi, shall be deemed to be interested or concerned in the resolution.

Item No. 8

Remuneration payable to Non Executive Independent Directors:

The Company has been greatly benefiting from the invaluable inputs provided by the Non-Executive Independent Directors, who have vast experience, expertise and wisdom in various fields of business. The Non Executive Directors are also members of the various committees constituted by the Board and offer expert advice and guidance.

In appreciation of the valuable support and guidance rendered by the Non-Executive Directors, the Board of Directors at its meeting held on 13th April, 2011 approved the payment of remuneration of ₹ 5.00 Lacs p.a. to each Non-Executive Independent Directors or commission upto 1% p.a. of the Company's net profit computed in the manner laid down by section 198, 349 and 350 of the Companies Act, 1956 and other applicable provisions, if any, whichever is higher, in addition to sitting fees for attending the meeting of Board and/or committees thereof for a period of 5 years from 1st April, 2011, subject to approval of the Central Government.

Your approval is sought to the resolution as appearing in Item No. 8 of the accompanying notice pursuant to Section 309 of the Companies Act, 1956 as also clause 49 of the Listing Agreement as a Special Resolution. No Director except Mr. J. Mehra, Mr. Mahendra Lodha and Mr. P.G.R. Prasad shall be deemed to be interested or concerned in the resolution.

ITEM NO. 9

Ministry of Corporate Affairs in pursuant of 'Green Initiative' and other objectives have issued various Circulars in recent past permitting the Company to hold Board Meeting(s) / Committee Meeting(s) / General Meeting(s) of shareholders through video conferencing, communication to the shareholders including notice for general meetings, Balance Sheet and Auditor's Report as well as postal ballot and its voting through electronic mode.

It is proposed to alter Articles of Association suitably to enable the Company to implement above.

It is also proposed to insert / modify suitable clauses of Articles of Association in respect of buyback, general authority etc.

Your Directors seek your approval to the resolution as appearing in item no. 9 of the accompanying notice by way of Special Resolution.

No Director shall be deemed to be interested or concerned in the resolution.

For and on behalf of the Board,
For Steelco Gujarat Ltd.,

Place : Mumbai
Date : 30th May, 2011

N. M. Mohnot
Dy. Managing Director

Details of the Directors seeking appointment /reappointment at the forthcoming Annual General Meeting (in pursuant to Clause 49 of the Listing Agreement)

Name of Director	Mr. N. M. Mohnot	Mr. Krishna Kumar M. Joshi	Mr. Rashmi Chandaria	Mr. Mahendra Lodha
Date of Birth	15.07.1954	11.09.1951	09.08.1940	04.08.1956
Date of Appointment	15.06.1999	20.06.2011	08.07.1989	31.07.2003
Expertise	General Management & Corporate Finance	General Management	Industrial Management	Amalgamation & Financial Restructuring
Qualifications	B. Sc., C.A.	B.E. (Mechanical), M.M.S.	B.Sc. (Economics)	LL.B. & F.C.A.
List of Public Companies in which outside Directorship held as on 31 st March, 2011 \$	NIL	NIL	NIL	<ul style="list-style-type: none"> ➤ Arvind Products Limited ➤ Nitrex Chemicals India Ltd. ➤ Rama Petrochemicals Ltd. ➤ Rainbow Denim Ltd. ➤ Kalyanpur Cements Ltd. ➤ Tulip Star Hotels Ltd. ➤ Shivalik Golf and Forest Resort Ltd.
Chairmanship / Membership of the Committees of the Board in which outside Directorship held as on 31 st March, 2011 @	NIL	NIL	NIL	<ul style="list-style-type: none"> ➤ Metrochem Industries Ltd. Audit Committee Chairman ➤ Rama Petrochemicals Ltd. ➤ Tulip Star Hotels Ltd. Member ➤ Rainbow Denim Ltd. Remuneration Committee Chairman ➤ Rama Petrochemicals Ltd. ➤ Rainbow Denim Ltd. Shareholders/Investors Grievance Committee Chairman ➤ Rama Petrochemicals Ltd.
No. of Shares held	NIL	NIL	NIL	NIL

\$ Directorship in private companies, foreign companies and associates are excluded.

@ Represents Membership/Chairmanships of Audit Committee and Shareholders'/Investors' Grievance Committee only.

ANNEXURE 'I'
(3) Financial performance:
ADDITIONAL INFORMATION REQUIRED AS PER AMENDED SCHEDULE XIII TO THE COMPANIES ACT, 1956 RELATING TO ITEM NOS. 5, 6 & 7 OF THE NOTICE OF ANNUAL GENERAL MEETING :
I. General Information:
(1) Nature of Industry:

The Company is engaged in the manufacturing of Cold Rolled Steel and Galvanized Steel. The Company's products are classified under steel industry.

(2) Commencement of Commercial Production:

The Company's plant for manufacturing Cold Rolled Steel (Capacity of 1,44,000 M.T. P.A.) and Galvanized Steel Products (Capacity of 78,000 M.T. P.A.) for annual thickness of 0.20*900 mm Steel, is already in operation.

(₹ In Lacs)

Particulars	Financial Year	
	2010-11	2009-2010
Effective Capital	3841.67	3984.32
Total Income	53800.88	47527.81
Profit (Before Tax)	332.35	583.27

(4) Export performance and Net Foreign Exchange Earning:
(₹ In Lacs)

Particulars	Financial Year	
	2010-11	2009-2010
Exports	31577.20	27394.48
Net Foreign exchange earned	29838.46	26463.33

(5) The Company has neither made any foreign investment nor has any foreign collaboration.



II. Information about the Appointee Directors:

(1) Background Detail of the Managerial Personnel:

- (a) Dr. R. S. Mamak is a Science Graduate from Manchester University, England. He is also a Doctorate in Electrical Engineering. Throughout his career spanning more than 46 years, Dr. R. S. Mamak has held several managerial positions and is associated with the company since 1995 as key personnel and since 15th June, 1999 as Executive Vice Chairman of the company.
- (b) Mr. Krishna Kumar M. Joshi is an Engineering Graduate. He is also a master in management science. Throughout is career spanning more than 36 years, Mr. Krishna Kumar M. Joshi has held various managerial positions at senior levels. He has joined the company on 20th June, 2011 as Managing Director of the company.
- (c) Mr. N. M. Mohnot is a Science Graduate and Chartered Accountant. Right from the inception of his career spanning around more than 32 years, he has throughout held positions at senior level at reputed business houses like Aditya Birla Group in addition to International assignment of four years. He joined the Company in 1995 as President (Finance), promoted as Director (Finance) in 1999 and re-designated as "Dy. Managing Director" of the Company in 2005.

(2) Past Remuneration: Per Month :

(Amount in ₹)

Sr. No.	Particulars	Dr. R. S. Mamak	Mr. Krishna Kumar M. Joshi	Mr. N. M. Mohnot
1	Basic Salary	50000	165300	225000
2	Perquisites and Allowances	13352	272875	62214
3	Retiral Benefits*	13500	44631	60750
	Total	76852	482806	347964

*Contributions to Provident Fund & Superannuation Fund

(3) Recognition or awards :

The Company has no information to offer.

(4) Job Profile and suitability:

Dr. R. S. Mamak, as Executive Vice Chairman of the Company, controls all functions, subject to superintendence of the Board.

Mr. Krishna Kumar M. Joshi as Managing Director of the Company, is vested with substantial powers of the management of the Company subject to the overall supervision, direction and control of the Executive Vice-Chairman and Board of Directors of the Company.

Mr. N. M. Mohnot as Dy. Managing Director of the Company, is vested with substantial powers of the

management of the Company subject to the overall supervision, direction and control of the Executive Vice-Chairman and Board of Directors of the Company.

Having regard to the academic and professional background and vast experience of aforesaid Executive Directors in parity with their job profile, your directors are of the opinion that Executive Directors are suitable to hold their respective position and proposed remuneration is reasonable.

(5) Remuneration proposed:

Mr. N. M. Mohnot as Dy. Managing Director:

Remuneration payable to Mr. N. M. Mohnot had been revised w.e.f. 15.06.2011 from ₹ 2,25,000/- p.m. to ₹ 4,25,000/- p.m. in the grade of ₹ 4,25,000/- p.m. – ₹ 6,25,000/- p.m. as per the Resolution passed by the Board of Directors in its meeting held on 30-05-2011.

(6) Dr. R. S. Mamak, Mr. Krishna Kumar M. Joshi and Mr. N. M. Mohnot are not related to any managerial personnel of the Company.

IV. OTHER INFORMATION:

1. Inadequacy of profits:

- a) During the year 2009-10 Company has exhibited turnaround with net profit of ₹ 583 Lacs and accumulated net loss of ₹ 5518.51 Lacs.
- b) During the year 2010-11 Company continued to earn profit, with net profit of ₹ 332 Lacs and accumulated net loss of ₹ 5034.81 Lacs.

2. Steps taken for improvement:

- a) Narrow Mill has commenced production in the year 2010-11.
- b) With continuation of profit earning in view of low debts, the Company plans to undertake further investment of approx ₹ 56.00 Crore during the year 2011-12 and 2012-13.
- c) To further improve the turnover and borrowing of the Company, various approvals required for projects are being sought.

V. DISCLOSURE:

Remuneration package of Dr. R. S. Mamak, Mr. N. M. Mohnot and Mr. Krishna Kumar M. Joshi will be set out in the Corporate Governance Report for the information of shareholders.

Additional information as set out above shall be treated as requisite statement in respect of aforesaid executive directors in compliance with Item No. (iv) of sub paragraph 'B/C' of paragraph (1) of Section II of Part II of Schedule XIII to the Companies Act, 1956.

To
The Members,

Your Directors have pleasure in presenting the **Twenty- First Annual Report** of your Company together with the Audited Statements of Accounts for the year ended 31st March 2011.

1. FINANCIAL HIGHLIGHTS

	(₹ in Lacs)	
	Current Year	Previous Year
	Ended 31.03.11	Ended 31.03.10
Sales / Other Income (Net of Excise Duty)	53800.88	47527.81
Profit before Depreciation, Interest & Financial Charges	3676.47	3668.86
Depreciation	1233.39	1174.66
Profit before Interest & Financial Charges	2443.08	2494.20
Interest & Financial Charges	2110.73	1910.93
Profit after Interest & Financial Charges	332.35	583.27
Excess Provision written back	-	-
Net Profit / (Loss) before Tax	332.35	583.27
Tax	80.00	99.57
Net Profit / (Loss) after Tax	252.35	483.70

2. DIVIDEND

Your Directors do not recommend any dividend on the equity shares of the Company in view of carried forward losses.

3. REVIEW OF OPERATIONS

Your Company continues to maintain the improved level of turnover and profitability achieved during last year. Current year has also ended with a cash profit of ₹1566 Lacs and net profit of ₹ 332 Lacs and turnover of 94932 MT Valuing ₹ 53801 Lacs against turnover of 96045 MT Valuing ₹ 47528 Lacs, Cash profit of ₹ 1758 Lacs and Net Profit of ₹ 583 Lacs of previous year. At the year end 1951 MT of material was at sea -port due to delay in arrival of designated vessels, which adversely affected the turnover by ₹ 994 Lacs & profit by ₹ 69 Lacs including incentive on export.

During the year, Company commissioned its narrow rolling mills complex, which is getting stabilized after initial teething troubles and hence, full benefit of the same would be available from the year 2011-2012 onward. Facilities are planned to be utilized for production of special steel i.e High carbon and medium carbon, which would help to further improve the bottom line and turnover.

Your Company's thrust to develop special steel of high quality and value continued during the year which resulted into its emergence as a reliable source for its overseas customer to supply enamel grade steel.

The overall performance of your Company is satisfactory, keeping in view the delay in release of working capital by its bankers during last year and high volatility in the prices of its main raw material i.e. H.R. Coils.

4. REVALUATION OF ASSETS

During the year the company has revalued its assets, based on revaluation report as on 31.03.2011 by M/s Mott MacDonald Pvt. Ltd., India. Net value of Plant & machinery and Land & Building has increased by ₹ 9280.18 Lacs. Furniture & Fixtures, computers etc. were not revalued keeping in view their short life and nature of assets. Accordingly revaluation reserve has been created for ₹ 9280.18 Lacs

5. NON CONVERTABILITY OF PREFERENCE SHARES INTO EQUITY SHARES

Your Company had issued 3,28,20,000 12.5% Cumulative Redeemable Preference Shares of ₹ 10/- each valuing ₹ 32,82,00,000/- on private placement basis to SPICA Investments Ltd., promoter of the Company, on 29th September, 2008, with an option to convert into equity shares. SEBI vide its letter No. CFB/DCR/TODMS/4536/2011 dated 7th February, 2011 has not confirmed the conversion of Preference Shares into equity shares and hence M/s SPICA Investments Limited would continue to hold them as preference shares.

6. BOARD OF DIRECTORS

During the year Company lost its founder Director and member Shri Shripal Sheth due to his sad and sudden demise on 26.12.2010. Your Board of Directors at their meeting held on 10.02.2011 took on record appreciation for invaluable contributions made by him in the growth of the Company and his services and guidance to the Company as a Chairman of the Audit Committee, Remuneration Committee and Shareholder's/ Investor's Grievance Committee.

As per Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Mr. Rashmi Chandaria and Mr. Mahendra Lodha, Directors of the Company are liable to retire by rotation and being eligible, offer themselves for re-appointment.



Your Directors at their meeting held on 30th May, 2011, have appointed Mr. Krishna Kumar M. Joshi as Additional Director as well as Managing Director w.e.f. 20th June, 2011. The Company has received requisite notice pursuant to Section 257 of the Companies Act, 1956 proposing his candidature as non retiring director.

7. AUDITORS

M/s. Mukesh M. Shah & Co., Chartered Accountants, Statutory Auditors of the company, hold office until the conclusion of the ensuing Annual General Meeting. The company received a written certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limit under section 224 (1B) of the Companies Act, 1956.

8. AUDITORS' REPORT

Notes to the accounts as referred in Auditors' Report are self explanatory and therefore, do not call for any further comments or explanations.

9. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors confirm: -

- a. That in the preparation of the accounts for the financial year ended 31st March, 2011, the applicable Accounting Standards have been followed and that there are no material departures;
- b. That 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 of the profits of the Company for that period;
- c. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

10. PARTICULARS OF EMPLOYEES

There was no employee drawing remuneration of ₹ 60.00 Lacs p.a. or ₹ 5.00 Lacs p.m. or more for any part of the year and hence no particulars have been furnished as specified under section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975.

11. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The 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, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement Annexed (Annexure "A") hereto forming part of the report.

12. CORPORATE GOVERNANCE

Your Company has complied with the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges. A detailed report on the Corporate Governance practices, the Auditors' Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as an annexure to this report. The operational performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report, which forms part of Directors' Report.

13. APPRECIATION AND ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the co-operation and assistance received from the Government of India, Government of Gujarat, Financial Institutions, the Company's Bankers, Electricity Companies, Palej Gram Panchayat, other Government Agencies, Customers, Suppliers and Investors. Your Directors express their gratitude to the Investors' / Shareholders' during the year under review. The Directors also wish to place on record their appreciation of the devoted and dedicated services rendered by all employees of the Company.

For and behalf of the Board of Directors

Place : Mumbai
Date : 30th May, 2011

Dr. R.S. Mamak
Executive Vice-Chairman

ANNEXURE 'A' TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER 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.

I. CONSERVATION OF ENERGY
(a) Energy Conservation & Pollution measures taken: -

The Energy optimization scheme and pollution control measures are continuously reviewed and improved as an ongoing exercise. During the period, various automatic timers were provided for discontinuation of power supply to the system/processing lines to conserve the energy. Fumes Exhaust system was upgraded as Pollution control measures. Company is also fully meeting the requirement of local Pollution Control Board.

(b) Technology absorption, adaptation & Innovation measures taken during the period:

The Company does not have any in-house Research and Development Department but continues its efforts to produce value added special steel such as CRCA material of TMBP grade and enamel grade steel strapping grade and other quarter hard/half hard steel for other specific industries.

FORM A : The required data with respect to total energy consumption and energy consumption per unit of production is furnished below:

A. Power and Fuel Consumption -

	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
1 ELECTRICITY		
(a) Purchased (Units in '000 KWH)	25,964.46	25,235.55
Total Amount (₹ in Lacs)	1,665.00	1,615.00
Rate/Unit (₹)	6.41	6.40
(b) Own generation (through Diesel Generator)		
Units (KWH)	0.00	3,792.00
Units per Ltr. of Fuel	0.00	2.49
Cost/Unit (₹)	0.00	14.00
2 LIGHT DIESEL OIL		
Quantity (Ltrs.)	39,020.00	55,080.00
Total Cost (₹ in lacs)	20.35	20.83
Rate / Unit per Ltr (₹)	52.15	37.82
3 CNG		
Quantity (SCM)	34,89,017.00	30,65,560.00
Total (₹ in Lacs)	642.64	498.39
Rate / Unit per SCM (₹)	18.42	16.26

B. Consumption per Unit of Production -

PRODUCT	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
Cold Rolled (Steel) Coils / Sheets & GP/GC Coils / Sheets		
ELECTRICITY (Units/P.M.T.)		
CR Coils / Sheets (Average thickness - C.Y. 0.201 mm/P.Y. 0.188 mm)	258.12	250.28
GP / GC Coils / Sheets (Average thickness - C.Y. 0.158 mm/P.Y. 0.156 mm)	43.47	38.10
Total (LDO+CNG) (SCM/P.M.T.)		
CR Coils / Sheets	22.95	19.09
GP / GC Coils / Sheets	31.24	30.07

II TECHNOLOGY ABSORPTION
Research & Development :

The Company does not have any in-house Research and Development Department.

Technology absorption, adaptation and innovation :

During the year, the Company has produced valued added special steel such as CRCA material of TMBP grade and enamel grade. The Company has also started producing high strength narrow steel for steel strapping and other industries.

III FOREIGN EXCHANGE EARNINGS AND OUTGO
1. Activities relating to Exports, Initiatives to increase exports, Development of new Export Markets for Products and Services and Export Plans :-

The Company is exporting a large quantity of its Cold Rolled steel and Galvanized Products and has achieved a significant presence in the Global market as its products have been well accepted.

2. Total Foreign Exchange Earned & Expended :-

	(₹ in Lacs)	
	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
a. Earnings	29,838.46	26,463.33
b. Expenditure	9,016.96	3,961.96

For and behalf of the Board of Directors

Place : Mumbai
Date : 30th May, 2011

Dr. R.S. Mamak
Executive Vice-Chairman

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE, DEVELOPMENTS, OPPORTUNITIES AND OUTLOOK**

Finished steel consumption is continuously increasing in the country with rise in demand from automobile, power, construction and infrastructure sectors including railway coaches. Government thrust to improve rural India and avoid wastage in the storage of food grain is also giving impetus to the demand of steel.

During the 2010-11 India produced approx. 65 million MT of steel registering a growth of 8% over the previous year, whereas consumption increased by 11% to approx. 70 million MT, gap was filled up by net import of approx. 5 million MT. Despite India being the 3rd largest producer of steel in the world, the per capita steel consumption of 50 Kg is very low vis-à-vis 405 Kg in China, 490 Kg. in Japan and world average consumption of 180 Kg. An increase of 10 Kg. in per capita consumption shall imply an increase in steel demand of the 12 million MT.

There is a vast potential for growth of the steel industry in India to improve the life standard of people and generating additional employment. India's demand for steel is expected to reach 150 million MT by 2015-16.

Your Company has also taken steps to seize the opportunities of growth in more than one way such as developing Narrow Mill complex to produce special steel to meet demand and also undertaking further expansion program to enhance the capacity and enrich the products mix.

Your Company has also taken every step to enhance the existing capacity utilization by import of raw material and laying emphasis on sale of various value added products such as enamel grade steel, black CR steel and other processed steel products.

Your directors are optimistic of better performance especially in the light of government encouraging investment in rural areas, infrastructure & industrial growth with liberal credit system and Company's exports mainly meant for under developed and developing countries.

THREATS, RISKS AND CONCERN**Overview:**

Disturbances in crude and gas producing countries have increased the fuel cost, adversely affecting the manufacturing as well as transportation cost of finished goods and raw material. To mitigate high transportation cost, the Company is looking forward to the development of the commercial port at Dahej – 80 km from Palej which is scheduled to be commissioned by March 2012.

Level of steel prices & availability of raw material are major factors causing variation in operating results. Industry pricing is largely depending on global supply and prices as demand of steel i.e. H.R. Coils in India is growing faster than production capacity. To mitigate possible shortage and high domestic prices, the Company has reduced its dependence on domestic manufacturer / supplier by continuous import to meet its part of requirement.

Production of value added products by prime steel manufacturers restrict the availability of certain market segments at remunerative prices to stand alone mill like SGL & your Company plants to overcome the same by producing thinner steel and serving niche market.

Your Company has a high exposure to forex due to significant export & import and volatility in the currency coupled with shorter business cycles continues to be a high risk. The same are being managed prudentially by experts.

The Board of Directors is being informed periodically in respect of risk assessment and steps are being taken by the Company to mitigate the same.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company has earned net profit of ₹ 332 Lacs on turnover of 94,932 MT valuing ₹ 53,801 Lacs against net profit of ₹ 583 Lacs on turnover of 96045 MT valuing ₹ 47,528 Lacs in the previous year.

INTERNAL CONTROL SYSTEM AND THEIR EFFICACY

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses executing transaction with proper authorization and ensure compliance of corporate policies.

Internal Audit is conducted at regular intervals at all the locations covering the key area of operations. It is an independent assurance and functions responsible for evaluating and improving the effectiveness of risk management control and governance processes.

An Audit Committee consisting of three Independent Directors is in place. The Internal Audit Reports are placed before the Audit Committee. The Audit Committee deliberates and advises the Management on improvements/compliance.

STATUTORY COMPLIANCES:

After obtaining confirmation from the various departments of the Company in respect of compliance with all the statutory requirements, a declaration regarding compliance of the provisions of various statutes is made by the Dy. Managing Director at each Board Meeting and deviations, if any, are brought to the notice of Directors with reasons and remedial measures taken to comply the same. The Asst. Company Secretary, as a Compliance Officer, ensures compliance of the SEBI Regulations and provisions of the Listing Agreement.

QUALITY:

In today's global competition and open economy, quality plays a vital role in marketing the products and in staying ahead of others. Therefore more emphasis is being given to manufacturing of products that meets high standards of quality in the global market and customers' satisfaction. Proactive efforts are directed towards determining customers' requirements and achieving all-round customer satisfaction. This is primarily achieved through automated systems, high attention to complaint resolution, online communication and information exchange at various levels.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:

Human Resource agenda is focused on acquiring quality talent and building organizational and individual capabilities to drive sustainable business growth.

Your Company is continuously enhancing the people capabilities and maintaining a talent pool within the organization to meet future needs. Significant investments have been made for training in the area of equipment training, supervisory & management development, maintenance training and building expertise and capabilities for operational excellence.

CAUTIONARY STATEMENT:

Any Statement made in this management discussions and analysis report relating to Company's objectives, expectations, estimates, projections etc. may be considered as "forward looking statement" within the meaning of applicable securities laws and regulations. Actual results may differ from such estimates, projections etc. whether expressed or implied. Factors which can make a significant difference to the Company's operations include climate conditions, market price in the domestic and overseas markets, change in government regulations and tax laws, economic conditions affecting demand and supply and other environmental factors where the Company does not have any control.



CORPORATE GOVERNANCE REPORT

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. Your Company believes that for its sustained success, it must maintain global standards of corporate conduct towards its shareholders, customers, employees, all other stakeholders and society in general. The Company has always focused on good corporate governance, which is a key drive of sustainable corporate growth and long-term value creation for its shareholders.

Above all, corporate governance must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and a sense of justice. Accountability and transparency are key drivers to improve decision-making and rationale behind such decisions, which in turn improves confidence of all stakeholders.

II BOARD OF DIRECTORS

➤ **Composition :**

The Board has optimum combination of Executive and Non-Executive Directors, and is in conformity with the Clause 49 of the Listing Agreement with the stock exchanges in which the Company's equity shares are listed. The composition of the Board as on 31st March, 2011 was as under. The Board consists of eight directors including Alternate Director.

Category of Directors	Name of Directors
➤ Promoters, Non-Executive	2
➤ Non-Promoter Executive	2
➤ Non-Executive Independent	3
➤ Alternate Director to Shri R. P. Chandaria	1

➤ **Meetings and Attendance:**

During the financial year : April 1, 2010 to March 31, 2011, Five Board Meetings were held on 10th May 2010, 9th July 2010, 9th August 2010, 29th November 2010 and 10th February 2011. Attendance of Directors at the Meeting of the Board of Directors (BOD) held during the financial year 2010-2011 and Annual General Meeting (AGM) held on 29th September, 2010 are as follows:

Category	Name of Directors	No. of Board Meetings attended	Attendance at last AGM held on 29.09.10	*No. of Directorships in other Companies		**No. of Committee Memberships in other Companies	
				Chairman/ of the Board/MD	Board Members	Chairman of the Committee	Member
Promoter:							
- Executive Director	—	—	—	—	—	—	—
- Non-Executive Director	Mr. R.P.Chandaria	2	No	—	1	—	—
	Mr. Rashmi Chandaria	1	No	—	11	—	—
Executive Director(s):							
- Executive Vice Chairman	Dr. R.S. Mamak	5	Yes	—	—	—	—
- Dy. Managing Director	Mr. N.M. Mohnot	5	Yes	—	—	—	—
Non-Executive Independent Director(s):							
	Mr. S.C. Sheth (up to 26.12.2010)#	3	No	1	5	—	—
	Mr. J. Mehra	4	No	—	9	—	4
	Mr. Mahendra Lodha	5	No	—	10	5	2
	Mr. P.G. R. Prasad	3	No	—	2	1	1
Alternate Director(s):							
- Promoter	Mr. Vimal Chandaria (Alternate to Mr. R.P. Chandaria)	3	No	—	—	—	—

Ceased in view of his sad demise on 26.12.2010.

* Directorship in private companies, foreign companies and associates are excluded.

** Represents Membership / Chairmanships of Audit Committee and Shareholders' / Investors' Grievance Committee only.

III AUDIT COMMITTEE
> Brief Description of Terms of Reference:

The terms of reference and powers of the Audit Committee are as mentioned in Clause 49 II (D) of the Listing Agreement entered into with the Stock Exchanges read with Section 292A of the Companies Act, 1956 and include overseeing the Company's financial reporting process, reviewing with the management the financial statements and the adequacy of the internal audit function and to discuss significant internal audit findings, statutory compliances and issues related to risk management and compliances.

> Composition and Attendance :

The Audit Committee consists of three Non Executive Independent Directors as under:

Name of Director	Composition as on 31 st March , 2011	No. of Meetings held	No. of Meetings attended
Mr. S.C.Sheth	Chairman (upto 26.12.2010)*	5	3
Mr. Mahendra Lodha	Chairman (w.e.f.10.02.2011) **	5	5
Mr. Jatinder Mehra	Member	5	3
Mr. P.G.R.Prasad	Member	5	1

* Ceased in view of his sad demise on 26.12.2010

** Has been member of the committee throughout the year and appointed as a chairman of the committee w.e.f.10.02.2011

All the members of the Audit Committee are having financial and accounting knowledge. The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The Executive Vice-Chairman and Dy. Managing Director also attended Audit committee meeting. The Company Secretary acts as the Secretary to the Audit Committee.

> Major Terms of Reference :

To deal with all the matters as contemplated in Section 292A of the Companies Act, 1956 read with clause 49 of the Listing Agreement and any other matter as may be referred by the Board of Directors from time to time.

The terms of reference of the Audit Committee are broadly as under:

- Review of Quarterly and Annual statement and Auditors' Report before submission to the Board.
- Reviewing with the management, performance of Statutory and Internal Auditors, the adequacy of internal control system.
- Discussion with internal auditors regarding any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Reviewing of reports on Treasury Management of the Company.
- Changes in accounting policies and practices, if any.
- Qualifications, if any, in the draft Audit Reports,
- Risk management policies and practices.
- Status of repayment of terms loans and over dues of FI's, if any.
- Any other item considered appropriate or necessary to have effective oversight of financial reporting.

IV REMUNERATION COMMITTEE
> Terms of reference and Remuneration Policy

Pursuant to Clause 49 of the Listing Agreement and Schedule XIII to the Companies Act, 1956, the terms of reference of the Remuneration Committee is to determine Company's policy on specific remuneration packages to Executive Directors including pension rights and any compensation payments and also to approve payment of remuneration to Managing Directors and/or Whole Time Directors.

> Composition and Attendance:

During the financial year 2010-2011, one Remuneration Committee meeting was held on 10.02.2011:

Name of Director	Composition as on 31 st March , 2011	No. of Meetings attended
Mr. S.C.Sheth	Chairman (upto 26.12.2010)*	N.A.
Mr. Mahendra Lodha	Chairman (w.e.f. 10.02.2011)**	1
Mr. J.Mehra	Member	1
Mr. P.G.R.Prasad	Member	1

* ceased in view of his sad demise on 26.12.2010

** has been member of the committee throughout the year and appointed as a chairman of the committee w.e.f.10.02.2011

All the members of the Remuneration Committee are Non-Executive Independent Directors.



Disclosure regarding Directors appointment & re-appointment

Mr. Rashmi Chandaria and Mr. Mahendra Lodha, Directors of the Company are liable to retire by rotation and being eligible offer themselves for re-appointment. It is also proposed to appoint Dr. R. S. Mamak as Executive Vice Chairman and Mr. N. M. Mohnot as Dy. Managing Director and also Mr. Krishna Kumar M. Joshi as Managing Director.

Remuneration to Executive Directors

The breakup of the remuneration paid to the Executive Directors during the period ended on 31st March, 2011 is as under:

Particulars	Dr. R. S. Mamak Executive Vice-Chairman	Mr. N.M. Mohnot Dy. Managing Director
Salary (₹)	6,00,000	27,00,000
Retiral Benefits*	1,62,000	7,29,000
Other Benefits & Allowances	1,60,227	7,46,566

* Besides Salary and Perks, Executive Directors are also entitled to the Company's Contributions to Provident Fund & Superannuation Fund, Gratuity, and Encashment of Leave at the end of tenure.

Remuneration to Non-Executive Directors

Your directors at their meeting held on 13th April, 2011 have resolved to pay remuneration to all Non Executive Independent Directors not exceeding in aggregate one percent of net profits as computed under section 198, 349 and 350 of the Companies Act, 1956 or ₹ 5,00,000/- per year to each of the Non Executive Independent Director, whichever is higher, for a period of 5 years w.e.f. 1st April, 2011.

The Non-Executive Independent Directors are entitled to remuneration of ₹ 2,00,000/- p.a. for the financial year 2010-11 in addition to the sitting fees and reimbursement of travelling expenses. The Central Government has approved the payment of remuneration to each of the Non-Executive Independent Directors of the Company vide their letter reference No. SRN - A76623701/03/2/2010-CL-VII dated 13th October, 2010 for the financial year 2009-2010. Application is being made to the Central Government for payment of Remuneration of ₹ 5.00 Lacs each to all Non Executive Independent Directors for period of 5 years. The other Non-Executive Promoter Directors are entitled to sitting fees only for attending the meetings of the Board of Directors and / or its Committees and reimbursement of travelling expenses but no remuneration. The details of remuneration paid to the Non-Executive and Independent Directors during the financial year 2010-2011 are given below:

	Name of the Non-Executive Directors	Sitting Fees (₹)	Remuneration (₹)
1	Mr. R. P. Chandaria #	6,000	N.A.
2	Mr. Rashmi Chandaria #	5,000	N.A.
3	Mr. J. Mehra	32,000	2,00,000 (*)
4	Mr. S.C. Sheth (upto 26-12-2010)	33,000	1,50,000
5	Mr. Mahendra Lodha	49,000	2,00,000 (*)
6	Mr. Vimal Chandaria #	9,000	N.A.
7	Mr. P. G. R. Prasad	24,000	2,00,000 (*)
	Total	158,000	

(*) Application has already been made to Ministry of Corporate Affairs, Govt. of India, New Delhi for revision in remuneration of each Non Executive Independent Directors upto ₹ 5,00,000 /- p.a.

Non-Executive Promoter Directors or Alternate Director

Information of Directors' Shareholding as on 31st March, 2011:

Name of Directors	Designation	No. of Shares Held
Dr. R.S.Mamak	Executive Vice Chairman	4100

V SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

During the financial year 2010-2011, 5 (five) Shareholders' /Investors Grievance Committee meetings were held:

Composition and Attendance:

Name of Director	Composition as on 31 st March , 2011	No. of Meeting held	No. of Meetings attended
Mr. S.C.Sheth	Chairman (upto 26.12.2010)*	5	3
Mr. Mahendra Lodha	Chairman (w.e.f.10.02.2011)**	5	5
Dr. R.S.Mamak	Member	5	3
Mr. P.G.R.Prasad	Member	5	1

* Ceased in view of his sad demise on 26.12.2010

** has been member of the committee throughout the year and appointed as a chairman of the committee w.e.f.10.02.2011.

Terms of Reference :

The Committee looks after the Shareholders' / Investors' Grievance and redressal of investors' / shareholders' complaints related to transfer of shares, non-receipt of annual report, non-receipt of dividends etc.

Based on the report received from the Company's Registrars, the number of complaints received from shareholders comprises of correspondence identified as complaints i.e. letter received through statutory /regulatory bodies.

Status of Investor Complaints as on 31st March, 2011 and reported under Clause 41 of the Listing Agreement are as under:

During the year company has received 65 complaints. All the complaints have been resolved and no complaint is pending as on 31st March, 2011.

VI GENERAL BODY MEETINGS

The last three Annual General Meetings (AGMs) of the Company were held at the Registered Office of the Company at Plot No. 2, GIDC Estate, Palej – 392 220, Dist Bharuch, as detailed below:

Financial Year	Date	Day	Time	Special Resolution
2007 - 2008	29 th September, 2008	Monday	3.30 P.M.	3
2008 - 2009	29 th September, 2009	Tuesday	3:30 P.M	1
2009 -2010	29 th September, 2010	Wednesday	3:30 P.M	2

All the resolutions, including special resolutions set out in the respective notice were passed by the shareholders. No postal ballots were used for voting at the meeting held during the year under review.

At the forthcoming AGM, there is no item on the agenda that needs approval by Postal Ballot.

VII DISCLOSURES

- There are no materially significant related party transactions having potential conflict with the interest of the Company at large.
- The Company is in compliance with the various requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters relating to Capital Markets during last three years.
- The Code of Conduct applicable to all Directors and senior management personnel of the Company have confirmed their adherence to the provisions of the said code.
- It is confirmed that no personnel has been denied access to the Audit Committee.
- It is confirmed that the mandatory requirements are complied with and the non-mandatory provisions are adopted wherever necessary.

VIII MEANS OF COMMUNICATION

- The quarterly financial results of the Company are forwarded to the Stock Exchanges immediately on approval by the Board of Directors and are also published in widely circulated national English Daily and local Gujarati Daily.
- The financial results and official news releases are also displayed on the Company's website www.steelcojgujarat.com.
- Management Discussion and Analysis forms part of the Annual Report.



IX GENERAL SHAREHOLDER INFORMATION

➤ **Annual General Meeting (AGM) :**

The 21st Annual General Meeting of the Company is scheduled to be held on:

- Date & time : 29th September, 2011 at 3:30 P.M.
- Venue : Plot No.2, GIDC Estate, Palej – 392 220, Dist. Bharuch
- Book Closure Date : 23.09.2011 to 29.09.2011 (both inclusive)
- Dividend : — Nil —

➤ **Financial Calendar :**

1st April 2011 to 31st March 2012.

➤ **Listing of Securities of the Company:**

The Company's securities are listed at the Vadodara Stock Exchange Ltd. (VSE), a regional Stock Exchange and Bombay Stock Exchange Limited (BSE). In view of BSE having a wide and extensive networking of centers across the country the investors have access to online dealings in the Company's Equity Shares. Moreover, the Company's Equity Shares are required to be traded only in demat form by all investors.

➤ **Stock Code Allotted by the BSE - STEGUDM : 500399**

➤ **ISIN - INE629B01024**

The Company has paid the Annual Listing fees for the year 2011 –2012 due to all the Stock Exchanges where Equity Shares of the Company are listed.

➤ **Stock Market Price Data :**

High and Low of the stock market price of the Company's equity shares traded on Bombay Stock Exchange Ltd (BSE) during the last financial year was as follows:

Month	High	Low
April 2010	10.50	8.20
May 2010	9.31	7.53
June 2010	9.55	7.50
July 2010	9.80	8.00
August 2010	10.75	8.30
September 2010	10.35	8.10
October 2010	10.74	8.20
November 2010	9.69	7.30
December 2010	8.49	5.81
January 2011	8.99	6.66
February 2011	7.80	4.95
March 2011	6.48	4.20

➤ **Registrar and Share Transfer Agent :**

Share Transfer and all other Investor's/Shareholder's related activities are attended and processed by our Registrars and Transfer Agent (R&T). For lodgment of transfer deeds and any other documents or for any grievances/complaints, kindly contact our Registrar and Transfer Agent at following address:

M/s. LINK INTIME INDIA PVT. LTD., Unit : Steelco Gujarat Limited, B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta, Akota, Vadodara-390020. Phone : 0265-2356573, 2356794, Fax : 0265 - 2356791
E-mail ID: vadodara@linkintime.co.in

➤ **Share Transfer System Physical :**

Share in physical form should be lodged for transfer at the office of the Company's Registrar & Transfer Agent, M/s Link Intime India Pvt Ltd., Vadodara. The Transfers are normally processed within 21 days from the date of receipt, if technically found to be in order and complete in all respects. As per directives issued by SEBI, it is compulsory to trade in the Company's equity shares in dematerialized form.

➤ **Dematerialization of Shares & Liquidity**

The process of conversion of Shares from physical form to electronic form is known as dematerialization. For dematerialization of shares, the shareholder has to open a demat account with a Depository Participants (DP). The shareholder is required to fill in a Demat Request Form and submit the same along with the Share Certificate(s) to the DP. The DP will allocate a demat request number and shall forward the request physically and electronically, through NSDL/CDSL to the R&T Agent. On receipt of the demat request, both physically and electronically and after verification, the Shares are dematerialized and an electronic credit of shares is given in the account of the shareholder.

➤ **Distribution of Share Holding as at 31st March 2011**

No. of shares	Shareholders		Shares Capital		
	Number	% to Total	Number	% to Total	
1	500	134795	98.65	2967558	6.97
501	- 1000	883	0.65	769859	1.81
1001	- 2000	462	0.34	743022	1.75
2001	- 3000	169	0.12	447336	1.05
3001	- 4000	74	0.05	265958	0.62
4001	- 5000	77	0.06	365428	0.86
5001	- 10000	93	0.07	700955	1.65
10001	& Above	86	0.06	36301706	85.29
Total		136639	100.00	42561822	100.00

➤ **Category of Shareholders as on 31st March,2011 :**

Category of Shareholders	Total Holding	Percentage
Promoter (SPICA INVESTMENTS LTD)	3,33,08,398	78.26
Institutional Investors		
a. Mutual Funds	19,290	0.05
b. Banks, FI's, Insurance Companies	7,36,175	1.73
Private Corporate Bodies	10,08,467	2.37
NRI's / OCB's (other than Promoter Group)	31,434	0.07
Indian Public	74,58,058	17.52
Total	4,25,61,822	100.00

➤ Plant Location of the company : Plot No. 2, GIDC Estate, Palej – 392 220, Dist. : Bharuch

X COMPLIANCE

In compliance with Listing Agreement executed with the Stock Exchanges, the Company has obtained the certificate regarding compliance of conditions of Corporate Governance from M/s Devesh Vimal & Co., Practising Company Secretaries, Vadodara, which appears as a part of the Annual Report of the Company.

XI ADDRESS FOR CORRESPONDENCE

Shareholders' correspondence should be addressed to the Company's RTA at the address mentioned above. The Shareholders having securities in a dematerialized form should give instructions relating to change of address, nomination and / or power of attorney executed by the Shareholders directly to their respective Depository Participants. Alternatively, shareholders may contact us at following email address : secretarial@steelcojguarat.com

XII DECLARATION REGARDING COMPLIANCE BY BOARD MEMEBRS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT PURSUANT TO REVISED CLAUSE 49 OF THE LISTING AGREEMENT:

This is to confirm that all Board Members and Senior Management Personnel of the Company have complied with the code of conduct for Directors & Senior Management Personnel (i.e. D & S Code) during the year ended on 31st March, 2011.

For and on behalf of the Board of Directors
For **Steelco Gujarat Limited**

Place : Mumbai
Date : 30th May, 2011

Dr. R. S. Mamak
Executive Vice-Chairman

**CERTIFICATE ON CORPORATE GOVERNANCE**

To,
The Members,
Steelco Gujarat Limited,
Palej.

We have examined all relevant records of Steelco Gujarat Limited as made available to us for the purpose of certifying compliance under clause 49 of Listing Agreements of the said Company with Stock Exchange in India for the financial year 2010-11.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records produced and explanations and information furnished to us, the Company has materially complied with all the mandatory conditions of the Listing Agreement except that, the Company is required to appoint one Independent Director within 180 days from 26th December, 2010, being the date of demise of Mr. S. C. Sheth.

For Devesh Vimal & Co.
Practising Company Secretaries

Date : 30th May, 2011
Place : Vadodara

Devesh A. Pathak
Partner
Membership No. FCS - 4559
CP No. - 2306

AUDITORS' REPORT

To
The Members of
Steelco Gujarat Limited

We have audited the attached Balance Sheet of Steelco Gujarat Limited ('the company') as at 31st March, 2011, and also the Profit and Loss Account and 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.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles applied 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.

As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraph 4 of the said Order.

- (a) on the basis of the written representations received from directors of the company and taken on record by the Board of Directors, we report that no director is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

Further to our comments in the Annexure referred to above, we report that:

- (b) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (c) in our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of the books;
- (d) the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (e) in our opinion, the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (f) in our opinion, and to best of our information and according to the explanations given to us, the said accounts read together with 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 31st March, 2011;
- (ii) in the case of the Profit and Loss account, of the Profit for the year ended on that date; and
- (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For MUKESH M. SHAH & CO.
CHARTERED ACCOUNTANTS
Firm Registration No. 106625W

PARTNER

Chandresh S. Shah

Membership No. 42132

Place : Ahmedabad.
Date : 30th May, 2011

Annexure to the Auditors' Report

With reference to the Annexure referred to in the Auditors' to the Members of Steelco Gujarat Limited on the accounts for the year ended 31st March, 2011, we report that:

1. (a) The fixed assets register maintained by the Company is required to be updated.
- (b) Some of the fixed assets were physically verified during the year by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) Fixed assets disposed off during the period were not substantial and therefore do not affect the going concern assumption.
2. (a) The inventory has been physically verified by management during the year. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company has maintained proper records of inventory. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventory.
3. a) The unsecured loans taken and repaid during the year by the Company from a director are as under:

(₹ in lacs)

Name of Party	Relationship	Amount taken during the year	Amount repaid during the year	Year ended Balance
Mr. Mahendra Lodha	Non-Executive Independent Director	0.00	889.08	0.00

- b) The rate of interest and other terms and conditions of these loans are not prima facie prejudicial to the interest of the company.
- c) No amount is overdue.



4. The Company has not granted any loan, secured or unsecured to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, requirements of clauses (iii-b), (iii-c) and (iii-d) of paragraph 4 of the order are not applicable.
5. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
6. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
7. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits from the Public within the meaning of the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under. Further, we are informed that no order has been passed by the Company Law Board.
8. The Company has an internal audit system which, in our opinion is commensurate with its size and the nature of its business.
9. We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of the cost records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
10. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income-tax, Sales-tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and any other dues during the period with the appropriate authorities. There are no cases of non-deposit of any undisputed statutory dues outstanding for a period of more than six months as at 31st March, 2011 from the date they became payable.
(b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income-tax, customs duty, wealth tax, excise duty and cess except the following:

Financial period to which it relates	Act	Nature of dues	Forum where dispute is pending	Amount (₹ in Lacs)
2008 – 2009	Customs Act	Customs Duty	CESTAT, Ahmedabad	32.69
2009 – 2010	Central Excise Act	Excise duty and interest	Commissioner of Central Excise (Appeals)	10.00
2010 – 2011	Central Excise Act and Service Tax	Excise duty, Service Tax and Interest	Commissioner of Central Excise (Appeals)	19.21
1991 – 1992	Income Tax Act, 1961	Income Tax	H'nable Gujarat High Court	24.45
1992 – 1993	Income Tax Act, 1961	Income Tax	H'nable Gujarat High Court	26.03
1993 – 1994	Income Tax Act, 1961	Income Tax	H'nable Gujarat High Court	61.55
2006 – 2007	Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	8.32

11. **The accumulated losses at the end of the financial period are more than 50% of its net worth. Moreover, the Company has not incurred cash losses in the financial period and in the immediately preceding financial year.**
12. The company has not defaulted in repayment of dues to financial institutions or banks.
13. The company had not granted any loans against pledge or security of shares.
14. The company is not a chit fund/nidhi/mutual benefit fund/society.
15. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments.
16. According to the information and explanations given to us, the Company has not given any guarantees or provided any security in respect of borrowings taken by others from banks and financial institutions.
17. Term loans obtained by the Company were applied for the purpose for which the loans were obtained.
18. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash-flow statement and other records, we report that no funds raised on short term basis have prima facie, been used during the period for long term investment and vice versa.
19. The company has not made any preferential allotment to any parties, firms and/or companies covered in the register maintained under section 301 of the Companies Act, 1956. Hence, there does not arise any question of an enquiry of the price of the issue to ascertain whether the same is, prima facie, prejudicial to the interest of the Company.
20. The Company has not issued any debentures hence; question of creating securities does not arise.
21. The company has not raised any money by public issues during the period.
22. To the best of our knowledge and belief, and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the period.

**For MUKESH M. SHAH & CO.
CHARTERED ACCOUNTANTS**

Firm Registration No. 106625W

PARTNER

Chandresh S. Shah

Membership No. 42132

Place : Ahmedabad.
Date : 30th May, 2011

BALANCE SHEET AS AT 31st MARCH, 2011

	SCHEDULES	AS AT 31-Mar-11 [₹ IN LACS]	AS AT 31-Mar-10 [₹ IN LACS]
SOURCES OF FUNDS			
1 SHAREHOLDERS' FUNDS			
(A) Share Capital	1	7,536.95	7,536.95
(B) Reserves and Surplus	2	9,769.86	489.68
		17,306.81	8,026.63
2 LOAN FUNDS			
(A) Secured Loans	3	5,782.64	6,302.94
(B) Unsecured Loans	4	212.65	1,243.72
		5,995.29	7,546.66
TOTAL		23,302.10	15,573.29
APPLICATION OF FUNDS			
1 FIXED ASSETS			
(A) Gross Block	5	36,756.48	27,322.65
Less : Depreciation		21,626.89	20,410.76
Net Block		15,129.59	6,911.89
(B) Capital Work in Progress		108.92	70.12
		15,238.51	6,982.01
2 CURRENT ASSETS, LOANS AND ADVANCES			
(A) Inventories	6	8,083.02	5,532.61
(B) Sundry Debtors	7	7,269.61	5,530.24
(C) Cash and Bank Balances	8	780.94	436.87
(D) Loans and Advances	9	3,407.48	3,768.68
		19,541.05	15,268.40
LESS : CURRENT LIABILITIES AND PROVISIONS			
a) Current Liabilities	10	15,770.28	11,307.57
b) Provisions	11	489.64	404.36
		16,259.92	11,711.93
NET CURRENT ASSETS		3,281.13	3,556.47
3 PROFIT AND LOSS ACCOUNT		4,782.46	5,034.81
TOTAL		23,302.10	15,573.29
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS	17		

The Schedules referred to above form an integral part of Balance Sheet
As per our report of even date

For Mukesh M. Shah & Co.
Chartered Accountants
Firm Registration No. 106625W

Chandresh S. Shah
Partner
Membership No: 42132

Place : Ahmedabad
Date : 30th May, 2011

Signature to Schedules 1 to 11 & 17

For and on behalf of the Board,

Dr. R.S.Mamak **N.M. Mohnot**
Executive Vice Chairman Dy.Managing Director

Manoj Kumar Srivastava
Asst. Company Secretary

Place : Mumbai
Date : 30th May, 2011



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

		SCHEDULES	YEARENDED 31-Mar-11 [₹ IN LACS]	YEAR ENDED 31-Mar-10 [₹ IN LACS]
INCOME				
1	Sale of Products and Services	12	53,735.21	47,360.57
	Less: Excise Duty		1,802.14	1,265.21
	Net Sales		51,933.07	46,095.36
2	Other Income	13	1,867.81	1,432.45
			53,800.88	47,527.81
EXPENDITURE				
3	Manufacturing and Other Expenses	14	50,124.41	43,858.95
4	Depreciation		1,233.39	1,174.66
			51,357.80	45,033.61
5	Profit before Interest and Financial Charges		2,443.08	2,494.20
6	Interest and Financial Charges	15	2,110.73	1,910.93
7	Profit for the year before Tax		332.35	583.27
8	Less: Provision for Taxes	16	80.00	99.57
9	Profit for the year after Tax		252.35	483.70
10	Add : Loss brought forward		(5,034.81)	(5,518.51)
11	Loss carried to Balance sheet		(4,782.46)	(5,034.81)
	Basic Earnings per Share (₹)		0.59	1.14
	Diluted Earnings per Share (₹)		0.33	0.64
	SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS	17		

The Schedules referred to above form an integral part of Profit & Loss Account As per our report of even date

For Mukesh M. Shah & Co.
Chartered Accountants
Firm Registration No. 106625W
Chandresh S. Shah
Partner
Membership No: 42132

Place : Ahmedabad
Date : 30th May, 2011

Signature to Schedules 12 to 17

For and on behalf of the Board,

Dr. R.S.Mamak
Executive Vice Chairman

N.M. Mohnot
Dy.Managing Director

Manoj Kumar Srivastava
Asst. Company Secretary

Place : Mumbai
Date : 30th May, 2011

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

	AS AT 31-Mar-11 [₹ IN LACS]	AS AT 31-Mar-10 [₹ IN LACS]
SCHEDULE : 01		
SHARE CAPITAL		
1 AUTHORISED		
100,000,000 Equity shares of ₹ 10 each.	10,000.00	10,000.00
50,000,000 Preference shares of ₹ 10 each.	5,000.00	5,000.00
Total	15,000.00	15,000.00
2 ISSUED, SUBSCRIBED AND PAID UP		
(A) 4,25,61,822 Equity shares of ₹ 10 each fully paid up.	4,256.18	4,256.18
Less : Calls in arrears - Due from others	1.23	1.23
(Of the above, 33,308,398 Equity Shares of ₹ 10 each fully paid up are held by Spica Investments Ltd., the Holding Company)		
Sub-Total	4,254.95	4,254.95
(B) 3,28,20,000 12.50% Cumulative Redeemable Preference Shares of ₹ 10 each fully paid up.	3,282.00	3,282.00
(Of the above, 3,28,20,000 Preference Shares of ₹ 10 each fully paid up are held by Spica Investments Ltd., the Holding Company)		
(Redeemable after 15 years from the date of allotment i.e. September 29, 2008)		
Sub-Total	3,282.00	3,282.00
Total	7,536.95	7,536.95
SCHEDULE : 02		
RESERVES AND SURPLUS		
CAPITAL RESERVE : Balance as per last Balance-Sheet	489.68	489.68
REVALUATION RESERVE		
Surplus arising on Revaluation of Fixed Assets (Refer Note No. II (1) of Schedule 17)	9,280.18	-
Total	9,769.86	489.68
SCHEDULE : 03		
SECURED LOANS		
1 TERM LOANS		
(A) From Banks (Corporate Loan)	792.50	1,187.50
(B) Interest Accrued and Due	7.13	9.20
Sub-Total	799.63	1,196.70
2 WORKING CAPITAL FINANCE FROM BANKS		
(A) Cash Credit	4,826.96	4,827.69
(B) Bills Discounted/Purchased	152.95	274.17
(C) Interest Accrued and Due	3.10	4.38
Sub-Total	4,983.01	5,106.24
3 ELECTRICITY DUTY DEFERMENT LOAN		
(Refer Note No. II (5)(IV)(iii) of Schedule 17)	-	-
Sub-Total	-	-
Total	5,782.64	6,302.94

SECURITIES FOR TERM LOANS AND ELECTRICITY DUTY DEFERMENT LOAN :

All the Term Loans availed from banks and Electricity Duty Deferral Loan from Gujarat Electricity Board are secured by way of joint mortgage of the immovable properties of the Company situated at Plot No 2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India) both present and future, and by way of hypothecation of whole of the movable properties of the Company, including Plant & machinery, and other movables, both present and future, [save and except Inventories and Book Debts], whether installed or not, or in the course of transit by way of First Charge to the lenders [subject to the first charge on specified movable assets created in favour of banks providing Working Capital Finance] to rank on "pari passu" basis.

Term Loans further secured by pledge of 38.33 % of Promotor's Equity Share Holding.

SECURITIES FOR WORKING CAPITAL FINANCE :

All the Working Capital Finance facilities availed from Banks are secured by way of hypothecation of the Company's stock of goods, including raw material, work-in-process, finished goods, stores, consumables, spares, goods in transit etc. and book-debts, both present and future, to rank on "pari passu" basis. These facilities are also secured by way of second charge on the immovable properties of the Company situated at Plot No 2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India) both present and future.



SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT 31-Mar-11 [₹ IN LACS] AS AT 31-Mar-10 [₹ IN LACS]

SCHEDULE : 04

UNSECURED LOANS

1	Loans from Promoters [Interest Free]	200.00	200.00
2	Intercorporate Deposits	-	146.04
3	Loan form a Director	-	889.09
4	Vehicle Finance	12.65	8.59
	Total	212.65	1,243.72

SCHEDULE 05 :

FIXED ASSETS

(₹ in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 01-Apr-10	Additions	Revaluation Surplus (Refer Note.4)	Deductions/ Adjustments	As at 31-Mar-11	Upto 31-Mar-10	For the Year	Deductions/ Adjustments	Upto 31-Mar-11	As at 31-Mar-11	As at 31-Mar-10
1. Leasehold Land	90.96	0.00	1,539.80	-	1,630.76	17.21	0.92	-	18.13	1,612.64	73.75
2. Buildings (Note -1)	2,984.10	9.64	2,735.11	-	5,728.85	1,877.53	94.53	-	1,972.06	3,756.79	1,106.57
3. Plant & Machinery (Note -2)	23,771.66	140.22	5,005.27	3 1.95	28,885.20	18,141.08	1,105.35	1 7.26	19,229.17	9,656.04	5,630.58
4. Furniture, Fixture & Other Office Equipments	338.14	18.75	-	-	356.89	271.13	22.04	-	293.17	63.73	67.01
5. Vehicles (Note -3)	137.79	16.99	-	-	154.78	103.81	10.57	-	114.38	40.40	33.98
Total	27,322.65	185.60	9,280.18	3 1.95	36,756.48	20,410.76	1,233.39	1 7.26	21,626.89	15,129.59	6,911.89
6. Capital Work in progress	70.12	188.65	-	149.85	108.92	-	-	-	-	108.92	70.12
TOTAL FOR CURRENT PERIOD	27,392.77	374.25	9,280.18	181.79	36,865.40	20,410.76	1,233.39	1 7.26	21,626.89	15,238.51	6,982.01
TOTAL FOR PREVIOUS YEAR	26,452.73	2,136.34	-	1,196.30	27,392.77	19,257.66	1,174.66	21.56	20,410.76	6,982.01	

Notes:

- Building Includes ₹ 500.00 being the value of shares held in cooperative society.
- Plant & Machinery includes assets amounting to ₹ 56.03 lacs (₹ 81.40 Lacs) which are retired from active use and held for disposal shown at lower of the book value and its net realisable value
- Vehicles include ₹ 21.15 lacs (₹ 30.67 lacs) over which hire purchase financiers have lien
- Refer Note No.II (1) of Schedule -17.

SCHEDULE : 06

INVENTORIES

(As taken, valued & certified by management) (Valued at lower of cost & net realisable value)

1	Stores, Spares, Consumables and Packing Materials [including in transit]	2,119.76	1,693.33
2	Raw Materials [including in transit]	2,160.53	697.72
3	Work-in-Process	1,725.07	1,703.83
4	Finished Goods [including scrap and in transit]	2,077.66	1,437.73
	Total	8,083.02	5,532.61

SCHEDULE : 07

SUNDRY DEBTORS

(Refer Note No. II (11) of Schedule 17)

Unsecured

(A) Debts outstanding for more than six months

(a)	Considered good	2,725.89	1,619.68
(b)	Considered doubtful	239.89	247.36
		2,965.78	1,867.04

(B) Other Debts:

	Considered good	4,543.72	3,910.56
		7,509.50	5,777.60
	Less: Provision for doubtful debts	239.89	247.36
	Total	7,269.61	5,530.24

SCHEDULES ANNEXED TO AND FORMING PART OF THE BALANCE SHEET

AS AT 31-Mar-11 [₹ IN LACS]	AS AT 31-Mar-10 [₹ IN LACS]
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SCHEDULE : 08
CASH AND BANK BALANCES

1 Cash Balance on Hand	15.55	19.06
2 Balances with Scheduled Banks		
(A) In Current Accounts	13.71	11.28
(B) In Fixed Deposits [All of which have been pledged as margin towards Letters of Credit established and Guarantees issued by the banks.]	751.69	406.53
Sub Total	765.39	417.81
Total	780.94	436.87

SCHEDULE : 09
LOANS AND ADVANCES

[Unsecured, considered good, unless stated otherwise]
(Refer Note No. II(11) of Schedule 17)

1 Advances recoverable in cash or in kind or for value to be received	1,708.53	2,258.12
2 Balance with Customs / Central Excise / Sales Tax Authorities (Refer Note No. II(5)(IV)(ii) of Schedule 17)	1,193.15	1,064.64
3 Other Deposits	164.22	164.63
4 Advance Tax	341.58	281.29
Total	3,407.48	3,768.68

SCHEDULE : 10
CURRENT LIABILITIES

(Refer Note No. II (11) of Schedule 17)

1 Acceptances	10,329.08	6,953.11
2 Sundry Creditors	8.79	-
- Micro, Small and Medium Enterprises (Refer Note No. II(21) regarding MSME disclosure of Schedule 17)		
- Other than Micro, Small and Medium Enterprises	4,789.79	3,554.39
3 Advances from Customers	511.72	694.13
4 Other Liabilities	130.90	105.94
Total	15,770.28	11,307.57
Amount payable - Investor Education and Protection fund	Nil	Nil

SCHEDULE : 11
PROVISIONS

1 For Income / Wealth Tax	284.17	204.24
2 For Retirement Benefits	205.47	200.12
Total	489.64	404.36



SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

YEARENDED
31-Mar-11
[₹ IN LACS]

YEAR ENDED
31-Mar-10
[₹ IN LACS]

SCHEDULE : 12

SALE OF PRODUCTS AND SERVICES

1	Sales (Includes Excise duty & Sale of Scrap)	53,735.21	47,360.57
	Total	<u>53,735.21</u>	<u>47,360.57</u>

SCHEDULE : 13

OTHER INCOME

(A) From Operations

1	Export Incentives	1,620.51	1,116.45
2	Gain on account of fluctuations in foreign exchange rates	85.57	164.78
	Sub-Total	<u>1,706.08</u>	<u>1,281.23</u>

(B) Other Income

1	Interest earned (Gross) (Tax deducted at source ₹ 4.06 Lacs, Previous Year ₹ 6.44 Lacs)	49.61	48.52
2	Profit on Sale of Fixed Assets	25.22	10.59
3	Other Income (net)	79.43	82.63
4	Provision for bad debts written back (net)	7.47	-
5	Prior Year Income	-	9.48
	Sub-Total	<u>161.73</u>	<u>151.22</u>
	Total	<u>1,867.81</u>	<u>1,432.45</u>

SCHEDULE : 14

MANUFACTURING AND OTHER EXPENSES

1 COST OF MATERIALS CONSUMED AND OTHER MANUFACTURING EXPENSES

(A)	Raw Material Consumed		
	Opening Stock	697.72	517.10
	Add : Purchases	42,334.50	36,715.69
	Less : Closing Stock	2,160.53	697.72
		<u>40,871.69</u>	<u>36,535.07</u>
(B)	Stores, Consumable and Spare parts Consumed	1,875.23	1,755.70
(C)	Packing Materials Consumed	612.05	571.62
(D)	Other Manufacturing Expenses	261.66	209.51
(E)	Differential Excise Duty On Opening and Closing Stock of Finished Goods	12.44	28.98
	Sub-Total	<u>43,633.07</u>	<u>39,100.88</u>

2 PERSONNEL EXPENSES

(A)	Salaries, Wages & Allowances	717.88	738.01
(B)	Contribution to Provident and Other Funds	61.81	54.62
(C)	Staff Welfare and other amenities	231.93	206.68
	Sub-Total	<u>1,011.62</u>	<u>999.31</u>

(Contd.)

(Contd.)

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

YEARENDED 31-Mar-11 [₹ IN LACS]	YEAR ENDED 31-Mar-10 [₹ IN LACS]
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SCHEDULE : 14
MANUFACTURING AND OTHER EXPENSES (Contd.)
3 OPERATION AND OTHER EXPENSES

(A) Power and Fuel	2,328.11	2,135.75
(B) Rent	10.83	10.80
(C) Repairs and Maintenance		
- Plant and Machinery	177.86	157.33
- Buildings	41.16	14.79
- Others	6.46	6.75
(D) Insurance	75.61	70.24
(E) Rates and Taxes	10.80	3.17
(F) Commission On Sales	214.35	137.86
(G) Freight and Transportation	2,691.11	2,378.66
(H) Directors' Sitting Fees	1.58	0.96
(I) Loss on Sale of assets	1.02	0.01
(J) Provision for Bad and Doubtful Debts (Net of write back)	-	29.02
(K) Prior Year Expenditure	30.70	21.88
(L) Miscellaneous Expenses	551.30	452.01
Sub-Total	<u>6,140.89</u>	<u>5,419.23</u>
Sub-Total	<u>50,785.58</u>	<u>45,519.42</u>

4 DECREASE/(INCREASE) IN STOCKS

(A) Opening Stock		
a) Finished Goods	1,437.73	660.60
b) Work-In-Process	1,703.83	820.49
	<u>3,141.56</u>	<u>1,481.09</u>
(B) Closing Stock		
a) Finished Goods	2,077.66	1,437.73
b) Work-In-Process	1,725.07	1,703.83
	<u>3,802.73</u>	<u>3,141.56</u>
Decrease/(Increase) in Stocks	<u>(661.17)</u>	<u>(1,660.47)</u>
Total	<u>50,124.41</u>	<u>43,858.95</u>

SCHEDULE : 15
INTEREST AND FINANCIAL CHARGES

(A) Interest on Term Loans	124.50	176.91
(B) Other Interest	1,335.86	1,074.87
(C) Bank Charges & Other Financial Charges	650.37	659.15
Total	<u>2,110.73</u>	<u>1,910.93</u>

SCHEDULE : 16
PROVISION FOR TAXES

(A) Current Tax	80.00	99.50
(B) Wealth Tax	0.00	0.07
Total	<u>80.00</u>	<u>99.57</u>


SCHEDULE : 17
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENTS :
I. SIGNIFICANT ACCOUNTING POLICIES:
A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS:

The financial statements are prepared under "historical cost convention" except in case of certain fixed assets, which are revalued during the year, on "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government to the extent applicable and with the applicable provisions of the Companies Act, 1956. The company has consistently applied the Accounting Policies.

B. USE OF ESTIMATES :

The presentation of financial statements in conformity with the generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and reported amount of income and expenses during the reporting year. Actual results/outcome could differ from these estimates. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Any revision to the accounting estimates is recognised prospectively in the period in which such results are materialized.

C. FIXED ASSETS :

All Fixed Assets are valued at cost less depreciation / amortization. Cost [net of Cenvat credit available] comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Financing costs directly attributable to the construction of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready for their intended use.

Cost of addition or extension to an existing asset, which is of a capital nature and/or which becomes an integral part of the existing asset is capitalised and added to the gross book value of that asset.

Certain assets are revalued as on 31st March, 2011 and resultant surplus has been added to the cost of the assets with a corresponding credit to Revaluation Reserve Account. (Refer Note No. II - (1)).

D. DEPRECIATION:

- (i) Leasehold Land is being amortised over the life of the lease.
- (ii) Depreciation on Buildings & Electrical Installations, Furniture, Fixtures, Office Equipment and Vehicles has been provided on Written Down Value Method, as per Section 205(2) (a) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.
- (iii) Depreciation on all other assets has been provided on Straight Line Method, as per Section 205(2)(b) of the Companies Act, 1956, at the rates prescribed in Schedule XIV thereto.
For determining the appropriate depreciation rates, plant and machinery falling under the category of continuous process plant has been identified on the basis of technical opinion obtained.
- (iv) Depreciation on additions to and disposals of the Fixed Assets during the year has been provided on pro-rata basis, according to the period each such asset was used during the year except in case of low value items not exceeding ₹ 5000/-, which are depreciated fully in the year of addition.
- (v) Depreciation on addition or extension to the existing Fixed Asset, which becomes integral part of that asset is provided on pro rata basis according to the remaining useful life of the existing asset.

E. BORROWING COSTS:

Borrowing costs that are directly attributable to the acquisition / construction of qualifying Fixed Assets are capitalized as a part of the cost of the respective asset upto the date when such assets are ready for their intended use and borrowing costs other than these costs are charged to Profit and Loss Account.

F. IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates recoverable amount of the asset being higher of the net selling price and value in use. Value in use is determined from the present value of estimated future cash flows from continuing use of such assets discounted at weighted average cost of capital.

If recoverable amount of such asset or the recoverable amount of the cash generating unit to which such asset belong is found to be lower than its carrying amount, then carrying amount of such asset is reduced to the extent of its recoverable amount. Such reduction is treated as impairment loss and is charged to the Profit and Loss Account.

After impairment of an asset, the depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

SCHEDULE : 17 (Contd.....)

At a balance sheet date, if there is an indication that a previously recognised impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at recoverable amount and previously recognised impairment loss is reversed.

G. EXPENDITURE DURING THE CONSTRUCTION PERIOD:

The expenditure incidental to the expansion / new projects is carried forward as "Pre-operative and Project expenditure pending allocation/capitalization and are allocated to Fixed Assets in the year of commencement of the commercial production.

H. INVENTORIES:

Inventories consisting of Raw Materials, Work-in-Process and Finished Goods are valued at lower of cost and net realizable value.

For this purpose, the cost of raw material is determined using monthly moving average cost method (net of Cenvat availed).

Cost of finished goods and Work-in-process is determined by taking monthly moving average material costs (net of Cenvat availed) and other appropriate and relevant manufacturing overheads.

Inventories consisting of Stores, Consumables, Spare Parts, and Packing Materials etc. are valued at lower of cost and net realizable value. For this purpose direct costs and appropriate relevant overheads are apportioned using the FIFO method.

I. REVENUE RECOGNITION:

- (i) Revenue is recognised to the extent it is possible that economic benefits will flow to the company and the revenue can be reliably measured and there is a reasonable certainty regarding ultimate collection.
- (ii) Revenue from sale of products is recognised on transfer of all significant risks and rewards of ownership of the goods to the customers, which generally coincides with the dispatch of goods. Sales are stated exclusive of Sales Tax / VAT, trade discounts and sales returns.
- (iii) Export benefits / incentives are accounted on accrual basis in accordance with various government schemes in respect thereof and are shown under "Other Income".
- (iv) Interest income is recognised on a time proportionate basis taking into account the amount outstanding and the rate applicable.
- (v) Revenue in respect of other income is recognised when no significant uncertainty as to its determination or realisation exists.

J. EXCISE DUTY:

Excise Duty is accounted gross of Cenvat benefit availed on inputs, fixed assets and eligible services.

K. SEGMENT REPORTING:

The Company identifies business segment as primary, taking into account the nature of products and services, risks and returns, the organisation structure and the internal reporting system.

The geographical segment is demarcated into Indian and Overseas markets.

L. FOREIGN CURRENCY TRANSACTIONS:

- (i) The transactions in foreign currencies are converted into Indian Rupees at the rates of exchange prevailing on the date of transactions.
- (ii) The Company is exposed to the risks of foreign currency fluctuations on foreign currency assets, liabilities and forecasted cash flows denominated in foreign currency. The Company limits the effects of foreign exchange rates fluctuations by following established risk management policies. The company enters into forward contracts where the counter parties are banks. The gain/loss on the contracts settled during the year is recognised in the Profit and Loss Account. The outstanding forward contracts meant for hedging the receivable outstanding as at balance sheet date are marked to market and resultant loss/gain is recognised in Profit and Loss Account. However, the gain or loss on forward contracts outstanding as at the Balance Sheet date meant for hedging the currency fluctuation risks in respect of the forecasted cash flows resulting from sales expected during the subsequent period based on the orders on hand as on the Balance Sheet date is computed taking the difference between contracted rate and the spot rate on the balance sheet date. Such gain/loss will be recognised in the statement of the Profit and Loss Account of the period during which such hedged transaction are actually crystallized. Such loss/gain would be contra set off by the corresponding effect on actual sales realisation.
- (iii) The balances in Current Assets and Current Liabilities in foreign currencies at the date of Balance Sheet have been converted into Indian Rupees at the rate of exchange prevalent on that date. The resultant net gain/loss arising out of such foreign exchange translations is taken to Profit and Loss Account except in respect of such differences related to acquisition of fixed assets from a country outside India which are capitalized as a part of respective fixed asset.



SCHEDULE : 17 (Contd.....)

M. TAXES ON INCOME:

- (i) Tax expense comprises current tax and deferred tax.
- (ii) Current tax is measured at the amount expected to be paid on the basis of relief and deductions available in accordance with the provisions of Indian Income Tax Act, 1961.
- (iii) MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.
- (iv) Deferred income tax reflects the impact of the current year timing differences between the taxable income and accounting income for the year and reversal of timing differences of the earlier years.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

N. EMPLOYEE BENEFITS:

Defined Contribution Plans:-

The company contributes on defined contribution basis to Employee's Provident Fund towards post employment benefits, all of which are administered by the respective Government Authorities and it has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

Defined Benefit Plans:-

The Superannuation scheme is administered through the Life Insurance Corporation of India (LIC). The liability for the defined benefit plan is funded by way of payment of premium as determined by the LIC of India and the same is administered by LIC and the Company has no further obligation beyond making its contribution, which is expensed in the year to which it pertains.

The Company administers the gratuity scheme being unfunded liability. The liability for the defined benefit plan of Gratuity is determined on the basis of an actuarial valuation by an independent actuary at the year end, which is calculated using projected unit credit method. Actuarial gains and losses, which comprise experience adjustment and the effect of changes in actuarial assumptions are recognised in the Profit and Loss Account.

Leave Entitlements (Long Term Employee Benefit):-

The employees of the company are entitled to leave as per the leave policy of the Company. The unfunded liability in respect of unutilized leave balances is provided based on an actuarial valuation carried out by an independent actuary, which is calculated using projected unit credit method as at the year end and charged to the Profit and Loss Account.

O. PROVISION FOR BAD AND DOUBTFUL DEBTS / ADVANCE:

Provision is made for Bad & Doubtful Debts / Advances which in the opinion of the management is considered doubtful of recovery.

P. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made.

Contingent liability is disclosed for:

- (i) Possible obligations which will be confirmed by future events not wholly within the control of the Company, or
- (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made.

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realized.

II. NOTES TO ACCOUNTS:

1. The major items of fixed assets comprising of Leasehold Land, Buildings and Plant and machineries owned by the Company were revalued by M/s Mott MacDonald Private Limited, an independent professional technical experts and valuers as at 31st March, 2011. As per their report, the above assets with a written down value of ₹ 5740.30 lacs have been revalued at ₹ 15020.48 lacs resulting into revaluation surplus of ₹ 9280.18 lacs, which is credited to "Revaluation Reserve Account." Such assets are revalued considering: -
 - Current prevailing market prices/derived rates attributable to land;

SCHEDULE : 17 (Contd.....)

- Current cost of construction;
- Present day cost of equivalent new plant and machinery installed and ready for production;
- Estimated useful life of fixed assets and related degree of obsolescence;
- Depreciation thereon since acquisition at an appropriate rate following Straight Line Method.

The details of said revaluation and the resultant surplus in value are as follows:

Assets revalued	Revaluation as on	Revaluation surplus (₹ In lacs)
Lease hold Land	31 st March, 2011	1539.80
Buildings	31 st March, 2011	2735.11
Plant and Machinerics	31 st March, 2011	5005.27
Total		9280.18

2. The Company has approached the Central Government and has filed an application for approval of remuneration payable to Non-Executive Independent Directors of the Company which is pending approval. However, in anticipation of obtaining such approval, remuneration for the financial year amounting to ₹ 7,50,000/- is provided for in the accounts.
3. Estimated amount of Contracts yet to be executed for capital expenditure and not provided for is ₹ 3.31 Lacs [Net of Advances] [As at 31.03.2010 – ₹ 47.83 Lacs].
4. During the year, the company has capitalised the borrowing cost amounting to ₹ Nil (Previous Year ₹ 70.15) Lacs.
5. Contingent Liabilities not provided for in respect of:

	Current Year	Previous Year
		(₹ in Lacs)
I Guarantees given by the Company's Bankers	120.87	82.90
II Letters of Credit opened, material not supplied	355.51	175.31
III Dividend on Cumulative Preference shares	1027.31	617.06
IV Liabilities Disputed and appeals filed before higher Appellate authorities as well as in the process of being filed in respect of:		
i. Income tax matters	235.70	328.53
ii. Central Excise matters (entire amount withheld by department shown under "Loans and advances")	437.98	370.50
iii. Interest on Electricity Duty Deferment Loan	83.18	83.18
iv. Labour matters	45.00	45.00

6. SEGMENT INFORMATION:
PRIMARY BUSINESS SEGMENT

As the Company has identified manufacture of steel products as its sole primary business segment, the disclosure requirements of Accounting Standard 17 – "Segment Reporting", issued by the Institute of Chartered Accountants of India are not applicable.

SECONDARY BUSINESS SEGMENT BY GEOGRAPHICAL MARKET

	Within India	Outside India	Total
			(₹ in Lacs)
(i) Sales revenue*			
Current Year	20,355.87	31,577.20	51,933.07
Previous Year	18,700.88	27,394.48	46,095.36
(ii) Carrying amount of segment assets**			
Current Year	19,982.62	5,516.75	25,499.38
Previous Year	18,104.45	4,145.96	22,250.41
(iii) Additions to fixed assets			
Current Year	185.60	-	185.60
Previous Year	1,237.69	-	1,237.69

* Sale revenue is net of excise duty

**Assets outside India include Export Debtors.



SCHEDULE : 17 (Contd.....)

7. RELATED PARTY DISCLOSURE:

Name of the related party and nature of related party relationship:

(a) Enterprises having control over Company:

Spica Investment Limited – Holding Company

(b) Directors and their relatives:

Mr. R. P. Chandaria	Non-Executive Director
Mr. Rashmi Chandaria	Non-Executive Director
Mr. S. C. Sheth (ceased due to sad demise on 26.12.10)	Non-Executive Independent Director
Mr. P. G. R. Prasad	Non-Executive Independent Director
Mr. Mahendra Lodha	Non-Executive Independent Director
Mr. J. Mehra	Non-Executive Independent Director
Dr. R. S. Mamak	Executive Vice Chairman
Mr. N. M. Mohnot	Deputy Managing Director

(c) Transaction with related parties.

(i) Transactions during the year with related parties referred to in (b) above:

	<u>Current Year</u>	<u>Previous Year</u>
		(₹ in Lacs)
1. Remuneration to Executive Directors:		
Dr. R. S. Mamak - Executive Vice Chairman	9.22	8.16
Mr. N. M. Mohnot - Dy. Managing Director	41.76	46.28
Mr. M. P. Singh - Director Operations	-	29.00
2. Sitting Fees	1.58	0.96
3. Loans taken - Mr. Mahendra Lodha	-	1,425.00
4. Loans repaid - Mr. Mahendra Lodha	889.08	600.00
5. Interest paid - Mr. Mahendra Lodha	132.44	64.08
6. Amount payable - Mr. Mahendra Lodha	-	889.08

8. CALCULATION OF EARNING PER SHARE (EPS):

	<u>Current Year</u>	<u>Previous Year</u>
		(₹ in Lacs)
(a) Profit / (Loss) attributable to the equity shareholder	252.35	483.70
(b) Basic Weighted average number of Equity shares outstanding during the year	4,25,37,292	4,25,37,292
(c) Diluted Weighted average number of Equity & Potential Equity shares outstanding during the year	7,53,57,292	7,53,57,292
(d) Nominal value of equity share (₹)	10.00	10.00
(e) Basic Earning Per Share (₹)	0.59	1.14
(f) Diluted Earning Per Share (₹)	0.33	0.64

9. ACCOUNTING FOR TAXES ON INCOME:

- In view of the brought forward unabsorbed depreciation allowance, the Company does not expect any tax liability on the income computed as per the provision of the Income Tax Act, 1961. However, in view of the provisions of the Sec. 115JB of the Income Tax Act, 1961, the company has estimated & provided the tax liability on the book profits as computed under the provision of the Sec. 115JB of the Income Tax Act, 1961.
- The Company has worked out deferred tax liabilities / assets as at March 31, 2011. In view of unabsorbed depreciation and business losses under tax laws, net result of computation is net deferred tax assets, which are not recognised as a matter of prudence.

SCHEDULE : 17 (Contd.....)

- c. Break-up of Deferred Tax Assets and Liabilities into major components of the respective balances are as under:

	As On 31.03.2010	For the Year	As On 31.03.2011
(₹ in Lacs)			
Deferred Tax Liabilities:			
Depreciation	850.57	(215.91)	634.66
Total	<u>850.57</u>	<u>(215.91)</u>	<u>634.66</u>
Deferred Tax Assets:			
43-B Disallowances	68.02	0.23	68.25
Bad Debts Provisions	84.08	(4.39)	79.69
Unabsorbed Depreciation	4,109.12	(504.46)	(3,604.66)
Total	<u>4,261.22</u>	<u>(508.62)</u>	<u>(3,752.60)</u>
Net Deferred Tax Assets	<u>3,410.65</u>	<u>(292.71)</u>	<u>3,117.94</u>

10. Disclosure pursuant to Accounting Standard-15 (Revised) "Employee Benefits":-

The disclosure required under Accounting Standard 15 (Revised) "Employee Benefits" notified in the Companies (Accounting Standards) Rules 2006, are given below:-

(a) Gratuity (Defined Benefit Plan):

The company has a defined benefit Gratuity Plan. Every employee who has completed five years or more of service gets a gratuity on death or resignation or retirement at 15 days salary (last drawn salary) for each completed year of service. The gratuity scheme is administered by the company, being unfunded liability.

Leave Wage (Long term employment benefit):

The leave wages are payable to all eligible employees at the rate of daily salary for each day of accumulated leave on death or on resignation or upon retirement on attaining superannuation age.

(b) Change in present value of the defined benefit obligation:-

	Current Year		Previous Year	
	Gratuity	Leave Wages	Gratuity	Leave Wages
Opening Defined Benefit	1,38,69,045	61,43,372	1,27,16,186	54,33,221
Interest Cost	10,40,178	4,60,753	8,90,133	3,80,325
Service Cost	16,51,588	11,36,085	16,12,980	11,45,491
Benefits Paid	11,92,550	8,58,058	20,07,525	12,95,508
Actuarial (Gain)/Losses on obligation	(5,75,246)	(11,28,257)	6,57,271	4,79,843
Closing Defined Benefit	1,47,93,015	57,53,895	1,38,69,045	61,43,372

(c) Change in fair value of plan assets:

Opening fair value of plan assets	0	0	0	0
Expected return on plan assets	0	0	0	0
Contributions by employer	0	0	0	0
Benefits paid	0	0	0	0
Actuarial Gains / (losses)	0	0	0	0
Closing fair value of plan assets	0	0	0	0
Total actuarial (gain)/loss to be recognised	(5,75,246)	(11,28,257)	6,57,271	4,79,843

(d) Actual return on plan assets:-

Expected return on plan assets	0	0	0	0
Actuarial gain/(loss) on plan assets	0	0	0	0
Actual return on plan assets	0	0	0	0

(e) Amount recognized in the balance sheet:-

Asset/(Liability) at the end of the year	(1,47,93,015)	(57,53,895)	(1,38,69,045)	(61,43,372)
Fair value of plan Assets at the end of the year	0	0	0	0
Difference	(1,47,93,015)	(57,53,895)	(1,38,69,045)	(61,43,372)
Unrecognised past Service Cost	0	0	0	0
Asset/(Liability) recognized in the Balance Sheet	(1,47,93,015)	(57,53,895)	(1,38,69,045)	(61,43,372)



SCHEDULE : 17 (Contd.....)

	Current Year		Previous Year	
	Gratuity	Leave Wages	Gratuity	Leave Wages
(f) (Income)/Expenses recognized in the Profit & Loss Account Statement:-				
Opening defined benefit obligation				
Current Service Cost	16,51,588	11,36,085	16,12,980	11,45,491
Interest cost on benefit obligation	10,40,178	4,60,753	8,90,133	3,80,325
Expected return on plan assets	0	0	0	0
Net actuarial (gain)/loss in the period	(5,75,246)	(11,28,257)	6,57,271	4,79,843
Net (benefit)/expenses	21,16,520	4,68,581	31,60,384	20,05,659
(g) Movement in net liability recognised in Balance Sheet:-				
Opening net liability	1,38,69,045	61,43,372	1,27,16,186	54,33,221
Expenses as above [P & L Charge]	21,16,520	4,68,581	31,60,384	20,05,659
Employer's contribution	(11,92,550)	(8,58,058)	(20,07,525)	(12,95,508)
Amount recognized in the balance sheet	1,47,93,015	57,53,895	1,38,69,045	61,43,372
(h) Principal actuarial assumptions as at Balance sheet date :				
Discount rate	7.50%	7.50%	7.00%	7.00%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistence with the currency and terms of the post employment benefit obligations]				
Expected rate of return on plan Assets	N.A.	N.A.	N.A.	N.A.
[The expected rate of return assumed by the Insurance company is generally based on their Investment patterns as stipulated by the Government of India]				
Annual increase in salary cost	5%	5%	5%	5%
[The estimates of future salary increases considered in actuarial valuation, take account of Inflation, Seniority, Promotion and other relevant factors such as supply and demand in the employment market]				
(i) The category of plan assets as a % of total plan assets are :				
Insurance Company	N.A.	N.A.	N.A.	N.A.

11. Confirmation letters have not been obtained from some of the Debtors, Creditors, and Loans & Advances. Hence the, balances of these accounts are subject to confirmation, reconciliation and consequent adjustments, if any.

12. Payments to / Provisions for Statutory Auditors during the year are as under:

	(₹ in Lacs)	
	Current Year	Previous Year
a. Audit Fees (Excl. Service Tax)	5.00	5.00
b. Tax Audit Fees (Excl. Service Tax)	1.50	1.50
c. Consultation and Certification	1.20	0.15
d. Reimbursement of out of pocket expenditure	0.36	1.24
	8.06	7.89

13. Break-up of the Whole-Time Directors' Remuneration is as under:

	(₹ in Lacs)	
	Current Year	Previous Year
(i) Salary	33.00	37.26
(ii) Contribution towards Provident Fund & Superannuation Scheme	8.91	10.06
(iii) Other Benefits and Allowances	9.07	36.12
	50.98	83.44

14. CAPACITIES AND PRODUCTION:

	Licensed Capacity Per Annum	Installed Capacity Per Annum @	Production	
(a) Cold Rolled [Steel] Coils				
- Current Year (MT)	*	1,44,000	93,099	#
- Previous Year (MT)	*	1,44,000	94,149	#
(b) GP/GC Coils/Sheets				
- Current Year (MT)	*	78,000	44,474	\$
- Previous Year (MT)	*	78,000	43,888	\$

* Not applicable, since the Cold Rolling Industry has been de-licensed.

@ The capacity [as certified by the management] is notional, depending on a particular product mix. (Size-0.20MM * 900MM)

Including 41234 MT (Previous Year 40908 MT) for Captive Consumption.

\$ Including 153 MT (Previous Year 192 MT) defective and rejects used in-house for packing purposes.

15. TURNOVER, CLOSING AND OPENING STOCKS:

	Turnover +		Closing Stock		Opening Stock	
	Quantity (MT)	Value (₹ Lacs)	Quantity (MT)	Value (₹ Lacs)	Quantity (MT)	Value (₹ Lacs)
A. Manufactured Products:						
(i) Cold Rolled [Steel] Coils / Sheets						
- Current Year	51,158	22,742.81	2,349	1,089.29	1,642	641.27
- Previous Year	52,645	20,172.15	1,642	641.27	1,046	347.12
(ii) GP/GC Coils/Sheets						
- Current Year	43,774	23,371.38	1,183	609.75	636	307.10
- Previous Year	43,400	20,429.52	636	307.10	383	135.80
(iii) Saleable Scrap						
- Current Year	21,445	5,818.88	1,205	375.87	1,520	489.35
- Previous Year	22,905	5,493.69	1,520	489.35	737	177.68
(iv) Total						
- Current Year	116,377	51,933.07	4,737	2,074.91	3,798	1,437.72
- Previous Year	118,950	46,095.36	3,799	1,437.73	2,166	660.60

+ Turnover is net of excise duty

16. CONSUMPTION OF RAW MATERIALS:

	Current Year	Previous Year
(i) Hot Rolled [Steel] Coils		
- Quantity [M.T.]	112,445	118,163
- Value [₹ in Lacs]	37,005.93	33,030.53
(ii) Zinc		
- Quantity [M.T.]	3,467	3,793
- Value [₹ in Lacs]	3,865.76	3,504.54

17. CIF VALUE OF DIRECT IMPORTS: (₹ in Lacs)

	Current Year	Previous Year
Raw Materials	8,421.10	3,522.87
Stores, Spares and Components	429.89	147.50
Capital Goods	46.13	13.99



18. CONSUMPTION OF IMPORTED AND INDIGENOUS MATERIALS:

(₹ in Lacs)

	Current Year		Previous Year	
	<u>Value</u>	<u>Percentage</u>	<u>Value</u>	<u>Percentage</u>
(i) Raw Materials:				
- Directly Imported	9,176.49	22.45	5,207.49	14.25
- Indigenously Obtained	31,695.20	77.55	31,327.58	85.75
Total	40,871.69	100.00	36,535.07	100.00
(ii) Consumables, Stores and Spare Parts:				
- Directly Imported	323.15	17.23	364.37	20.75
- Indigenously Obtained	1,552.08	82.77	1,391.33	79.25
Total	1,875.23	100.00	1,755.70	100.00

**19. EXPENDITURE IN FOREIGN CURRENCY:
[On cash basis] on account of**

(₹ in Lacs)

	Current Year	Previous Year
(i) Travelling	14.32	12.37
(ii) Commission on Sales	93.54	186.41
(iii) Others	1.69	78.82

20. EARNINGS IN FOREIGN EXCHANGE:

(₹ in Lacs)

	Current Year	Previous Year
FOB Value of Exports*	29,838.46	26,463.33

* Excludes export sales made through third parties

21. Disclosure regarding MSME:-

Under the Micro, Small and Medium Enterprises Development Act, 2006, [MSMED] which came into force from October 2, 2006, following disclosures are required to be made relating to Micro, Small and Medium enterprises:

Particulars	Current Year	Previous Year
Principal amount remaining unpaid to any supplier as at the year end	8.56	-
Interest due thereon	0.03	-
Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the accounting year	0	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	0.21	-
Amount of interest accrued and remaining unpaid at the end of the accounting year	0.24	-

The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company. The previous year figures for the year 2009 – 2010 are not available since, in earlier year, the Company was under the process of compiling such information.

22. Figures of Previous year have been regrouped and reclassified wherever necessary.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(IN TERMS OF AMENDMENT TO THE SCHEDULE VI PART IV).**

I. Registration Details.

Registration No.

		1	1	7	4	8
--	--	---	---	---	---	---

 State Code

0	4
---	---

Balance Sheet Date

3	1	-	0	3	-	2	0	1	1
---	---	---	---	---	---	---	---	---	---

Date Month Year

II. Capital Raised during the period (Amount in ₹ '000)

Public Issue

		N	I	L		
--	--	---	---	---	--	--

 Rights Issue

		N	I	L		
--	--	---	---	---	--	--

Bonus Issue

		N	I	L		
--	--	---	---	---	--	--

 Private Placement

		N	I	L		
--	--	---	---	---	--	--

III. Position of Mobilisation and Deployment of Fund (Amount in ₹ '000)

Total Liabilities

2	3	3	0	2	1	0
---	---	---	---	---	---	---

 Total Assets

2	3	3	0	2	1	0
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

	7	5	3	6	9	5
--	---	---	---	---	---	---

 Reserves & Surplus

	9	7	6	9	8	6
--	---	---	---	---	---	---

Secured Loan

	5	7	8	2	6	4
--	---	---	---	---	---	---

 Unsecured Loans

		2	1	2	6	5
--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

1	5	2	3	8	5	1
---	---	---	---	---	---	---

 Investments

		N	I	L		
--	--	---	---	---	--	--

Net Current Assets

	3	2	8	1	1	3
--	---	---	---	---	---	---

 Miscellaneous Expenditure

		N	I	L		
--	--	---	---	---	--	--

Accumulated Losses

	4	7	8	2	4	6
--	---	---	---	---	---	---

IV. Performance of company (Amount in ₹ '000)

Turnover

5	3	8	0	0	8	8
---	---	---	---	---	---	---

 Total Expenditure

5	3	4	6	8	5	3
---	---	---	---	---	---	---

(including other Income)

Profit/(Loss) before tax

		3	3	2	3	5
--	--	---	---	---	---	---

 Profit/(Loss) after tax

		2	5	2	3	5
--	--	---	---	---	---	---

Earning per share in ₹

			0	.	3	3
--	--	--	---	---	---	---

 Dividend Rate %

		N	I	L		
--	--	---	---	---	--	--

V. Generic Names of two principal products / services of company (as per monetary terms)

Item Code No. (ITC Code)	Production Description																										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>2</td><td>0</td><td>9</td><td>1</td><td>8</td></tr></table>	7	2	0	9	1	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>C</td><td>O</td><td>L</td><td>D</td><td> </td><td>R</td><td>O</td><td>L</td><td>L</td><td>E</td><td>D</td><td> </td><td>S</td><td>T</td><td>E</td><td>E</td><td>L</td><td> </td></tr></table>	C	O	L	D		R	O	L	L	E	D		S	T	E	E	L			
7	2	0	9	1	8																						
C	O	L	D		R	O	L	L	E	D		S	T	E	E	L											
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>7</td><td>2</td><td>1</td><td>2</td><td>3</td><td>0</td></tr></table>	7	2	1	2	3	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>G</td><td>A</td><td>L</td><td>V</td><td>A</td><td>N</td><td>I</td><td>S</td><td>E</td><td>D</td><td> </td><td>C.</td><td>R.</td><td> </td><td>S</td><td>T</td><td>E</td><td>E</td><td>L</td><td> </td></tr></table>	G	A	L	V	A	N	I	S	E	D		C.	R.		S	T	E	E	L	
7	2	1	2	3	0																						
G	A	L	V	A	N	I	S	E	D		C.	R.		S	T	E	E	L									

For and on behalf of the Board,

Dr. R.S.Mamak
Executive Vice Chairman

N.M. Mohnot
Dy.Managing Director

Place : Mumbai
Date : 30th May, 2011

Manoj Kumar Srivastava
Asst. company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2011

(₹ in Lacs)

PARTICULARS	YEAR ENDED 31-MAR-11	YEAR ENDED 31-MAR-10	
A. CASH FLOW FROM OPERATING ACTIVITIES			
NET PROFIT / (LOSS) AFTER EXTRAORDINARY ITEMS BEFORE TAX	332.35	583.27	
Adjustments for:			
Depreciation (Net)	1,233.39	1,174.66	
(Profit)/Loss on sale of Fixed Assets	(24.21)	(10.58)	
Interest / Bank Charges	2,110.73	1,910.93	
Interest Income	(49.61)	(48.52)	
Exchange (Gain) / Loss-Unrealised	(165.30)	(54.45)	
Provision / (Write back) of Doubtful Debts	(7.47)	29.02	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,429.88	3,584.33	
Adjustments for:			
Trade and Other Receivables	(1,193.57)	2.35	
Inventories	(2,550.41)	(1,783.91)	
Trade Payables	4,528.70	1,131.88	
CASH GENERATED FROM OPERATIONS	4,214.60	2,934.64	
Income tax Refund / (Paid)	(60.36)	(126.72)	
CASH FLOW BEFORE EXTRAORDINARY ITEMS	4,154.24	2,807.92	
NET CASH FROM OPERATING ACTIVITIES			2,807.92
B. CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of fixed assets	(224.40)	(964.57)	
Sale of Fixed assets	38.90	13.55	
Interest Received	40.92	48.50	
NET CASH USED IN INVESTING ACTIVITIES			(902.52)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
Proceeds from Long-term borrowings			
Repayment of Long-term borrowings	(395.00)	(421.79)	
Proceeds from Short Term borrowings (Net)	(121.95)	(602.09)	
Proceeds from unsecured loans	(1,031.07)	1,029.22	
Interest Paid	(2,117.57)	(1,913.66)	
Fixed Deposits with banks	(345.16)	(13.44)	
NET CASH USED IN FINANCING ACTIVITIES			(1,921.76)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS			(16.36)
CASH AND CASH EQUIVALENTS AS AT 01.04.10 [Opening Balance]	30.34	46.70	
CASH AND CASH EQUIVALENTS AS AT 31.03.11 [Closing Balance]	29.26	30.34	
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS			(16.36)

As per our report of even date

For Mukesh M. Shah & Co.
Chartered Accountants
Firm Registration No. 106625W

Chandresh S. Shah
Partner
Membership No: 42132

Place : Ahmedabad
Date : 30th May, 2011

For and on behalf of the Board,

Dr. R.S.Mamak
Executive Vice Chairman

N.M. Mohnot
Dy.Managing Director

Manoj Kumar Srivastava
Asst. Company Secretary

Place : Ahmedabad
Date : 30th May, 2011

Dear Members,

As you know, the Ministry of Corporate Affairs has undertaken a '**Green Initiative in Corporate Governance**' by allowing paperless compliances by companies through electronic mode, vide its Circular Nos. 17/2011 & 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively.

Your Company proposes to deliver electronically various communication/documents such as Notice of General Meeting, Annual Reports, Postal Ballot documents and such other necessary communication/documents from time to time to the Members, who have provided their email address to their Depository Participant (DP). Members holding shares in physical form and who are desirous of receiving the communication/documents in electronic form, are required to inform their email address to the Registrar and Transfer Agent of the Company.

Email addresses as registered in your respective DP accounts in the records of the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) which will be periodically downloaded, will be deemed to be your registered email address for serving the necessary communication/documents. Thus, the necessary communication would be sent in electronic form to the registered email address. Members, who wish to inform any updations/changes of their email address, are requested to promptly update the same with their DP/the Registrar and Transfer Agent of the Company, as the case may be, from time to time.

As a member of the Company, you will be furnished, free of cost, a printed copy of the Annual Report of the Company, upon receipt of requisition from you. We request you to support this initiative and opt for the electronic mode of communication by submitting your email address to your DP or to the Company.



Regd. Office : Plot No. 2, G.I.D.C. Estate, Palej - 392 220, Dist. Bharuch.

PROXY FORM

I/We _____ of _____
being a Member(s) of the above named company hereby appoint _____
_____ or failing him _____

_____ as my/our proxy to attend and vote for me/us on
my/our behalf at the TWENTY FIRST ANNUAL GENERAL MEETING of the Steelco Gujarat Limited to be held on Thursday,
the 29th September 2011 at 3.30 p.m. at the Registered Office of the company or any adjournment thereof.

Signed this _____ day of _____ 2011.

Regd. Folio No. / D.P. ID. No. _____

No. of Shares _____

Affix
Revenue
Stamp of
Re.1/-

This instrument appointing a proxy shall be deposited at the Registered Office of the company not less than 48 hours
before the time of holding the Meeting. The proxy need not be a member of the Company.



Regd. Office : Plot No. 2, G.I.D.C. Estate, Palej - 392 220, Dist. Bharuch.

ATTENDANCE FORM

Member(s) or his / her / their proxy (ies) are requested to present this form for admission, duly signed in accordance with
his / her / their specimen signature(s) registered with the Company.

Name : _____ Folio No. / DP. ID. No. _____ No. of Shares _____

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the Steelco Gujarat Limited to be
held on Thursday, 29th September 2011 at 3.30 P.M. at the Registered Office of the company or any adjournment thereof.

Please ✓ in the appropriate box.

Member

Proxy

Name of the Proxy in Block Letters

Member's Signature

Proxy's Signature

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. R. P. Chandaria	Director
Mr. Rashmi Chandaria	Director
Mr. S. C. Sheth	Director (upto 26.12.2010)
Mr. J. Mehra	Director
Mr. Mahendra Lodha	Director
Mr. Vimal Chandaria	Alternate to Mr. R. P. Chandaria
Dr. R. S. Mamak	Executive Vice Chairman
Mr. N. M. Mohnot	Dy. Managing Director
Mr. P. G. R. Prasad	Director
Mr. Krishna Kumar M. Joshi	Additional Director (w.e.f. 20-06-2011)

JT. GENERAL MANAGER FINANCE

Mr. Sunil Singhvi

ASST. COMPANY SECRETARY

Manoj Kumar Srivastava

REGISTERED OFFICE & WORKS

Plot No. 2, G.I.D.C. Estate,
National Highway No. 8,
Palej - 392 220,
Dist. Bharuch, Gujarat.
Phone : 91-2642-277 479 / 480 / 481
Fax : 91-2642-277 307
Website : www.steelcogujarat.com

BANKERS

State Bank of India
Bank of India
Canara Bank
State Bank of Mysore
State Bank of Travancore
State Bank of Hyderabad
The Federal Bank Limited

STATUTORY AUDITORS

M/s. Mukesh M. Shah & Co.
Chartered Accountants, Ahmedabad

INTERNAL AUDITORS

M/s. Deloitte Haskins & Sells,
Chartered Accountants,
Vadodara

REGISTRAR & SHARE TRANSFER AGENT

M/s. Link Intime India Private Limited
Unit : Steelco Gujarat Limited
B-102 & 103, 1st Floor, Shangrila Complex,
Opp. HDFC Bank,
Near Radhakrishna Char Rasta, Akota,
Vadodara - 390 020.
Phone : 91-265-2356573 / 2356794
Fax : 91-265-2356791
Email : vadodara@linkintime.co.in

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