



STELCO STRIPS LIMITED

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the members of Stelco Strips Limited will be held on Wednesday, the 15th day of September, 2010 at 11.00 A.M. at the registered office of the Company at C-122, Phase-V, Focal Point, Ludhiana to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March, 2010 and Profit & Loss Account for the year ended on that date alongwith Reports of the Auditors and Directors thereon.
2. To appoint a director in place of Sh.Ved Parkash Chhabra who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a director in place of Sh.Davinder Goyal who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors and to fix their remuneration.
2. The Register of Members and Share Transfer Books of the Company remain closed from Tuesday, 27th day of July, 2010 to Thursday, 29th day of July, 2010 (both days inclusive).
3. Documents referred to in the Notice are open for public inspection at the registered office of the Company on all working days, except holidays, between 11.00 A.M. to 1.00 P.M. upto the date of the Annual General Meeting.
4. Members holding shares in physical form are requested to get their shares dematerialized.
5. Members/proxies attending the meeting are requested to bring their copies of Annual Reports with them at the meeting.
6. Members/proxies attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
7. The information regarding directors seeking re-appointment at this Annual General Meeting is furnished in the Statement on Corporate Governance provided in this Annual Report.

By Order of the Board
For Stelco Strips Limited

Place : Ludhiana
Dated : 13.08.2010

(Vikas Rai Berry)
Company Secretary

By Order of the Board
For Stelco Strips Limited

Place : Ludhiana
Dated : 13.08.2010

(Vikas Rai Berry)
Company Secretary

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and such proxy need not be a member of the Company. Proxy form in order to be effective must be received by the Company not less than 48 hours before the meeting. The blank proxy form is enclosed.



STELCO STRIPS LIMITED

DIRECTORS' REPORT

Dear Shareholders,

Your Directors present the 22nd Annual Report and the Audited Statement of Accounts for the financial year ended 31st March, 2010

Financials

Particulars	Rs. in lacs.	
	2009-10	2008-09
Turnover & Other Income:		
- Domestic	19280.33	16005.44
- Export	3237.54	8596.12
- Other Income	20.84	17.37
	22538.71	24618.93
Profit (Loss) Before Interest Depreciation and Tax	(35.28)	1513.52
Less: i) Interest	804.84	807.71
ii) Depreciation	208.87	198.37
iii) Provision For Tax	-	105.00
	1013.71	1111.08
Profit (Loss) After Tax	(1048.99)	402.44
Add: Balance brought forward	2244.12	1841.68
Balance Carried Forward	1195.13	2244.12

Management Discussion and Analysis Report

a) Industry Structure and Developments

Your company is mainly engaged in the manufacturing of flat steel products comprising of cold rolled (CR), galvanized plain (GP) and galvanized corrugated (GC) steel sheets/coils/strips which fall under the single business segment of Steel.

Steel Industry can be broadly categorized into primary and secondary sectors. The primary sector produces billets, ingots, hot rolled coils, plates. These form raw material for the secondary sector which produces pipes, cold rolled and galvanized products. Your company is secondary steel producer with product range of cold rolled and galvanized steel sheets/strips catering to automotive, hardware, housing, consumer durables, infrastructure and other engineering sectors.

India is currently the fifth largest producer of crude steel in the world and is expected to become the second largest producer of crude steel in the world by 2015-16. The Indian Steel Industry has withstood international competition despite the reduction of basic customs duty on steel from 25-30% in 2002-03 to 5% currently. It operates in a free market regime i.e. the role of government is primarily of the facilitator and not a regulator. The quantity of production and product mix depend upon the commercial judgments of the individual companies.

It is highly fragmented too particularly in downstream segment with a large number of organized and unorganized players using various technologies.

Steel industry has come out successfully from the slowdown phase in which it slipped into during the latter half of 2008-09. The economic recovery though coming back faster than expected in world market is still in fragile zone. There are renewed concerns about continuity of sustainability of recovery in the overseas market. However in India, economic parameters are showing encouraging trends for the steel industry. The Management is confident that positive trends for steel industry in domestic market will help your company to achieve better performance including by exploring manufacturing synergies.

b) Company's Performance

The domestic sale of your company during 2009-10 increased by 20.5% to Rs.19280.33 lacs from Rs.16005.44 lacs in the previous year. However, there has been decline in exports by 62.3% to Rs.3237.54 lacs from Rs.8596.12 lacs in the previous year. The shirking of revenue base, rising input prices, stretched liquidity position exerted unavoidable pressure on margins. Your company suffered loss of Rs.1048.99 lacs during the year 2009-10.

c) Dividend

Your Directors have decided not to recommend any dividend for the year under review.

d) Outlook & SWOT Analysis

Steel Industry as a whole continues to grapple with rising input prices, volatility in prices and reducing demand from high consumption regions and developed nations.

The management is seized of this scenario and has taken various proactive measures to arrest the impact of uncertain market scenario including of transition from overseas market to domestic market by exploring manufacturing synergy relations to optimize the utilization of plant facilities.

Your directors recognize the following factors of company's strength, perceived weaknesses, upcoming areas of opportunities and threats for your company.



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Strength

1. Enriched product mix of cold rolled and galvanized steel sheets/strips.
2. Diversified market segment.
3. In-house production of material (i.e. cold rolled steel sheets) for the manufacturing of galvanized steel strips/ sheets.
4. Strong core competence fundamentals of promoters.
5. Well established customer base by virtue of time bound committed quality supplies.
6. Strategic advantage of being located in industry friendly area having all infrastructural amenities.

Weaknesses

1. Any adverse conditions in the user industries.
2. Working Capital intensive nature of business operations.
3. Rising input costs.
4. Volatility in the prices of raw material.
5. Cheap imports may exert pressure in domestic market.

Opportunities

1. Strong domestic demand.
2. Focused customer oriented structured production.
3. Manufacturing synergies to optimize plant capacities.

Threats

1. Wide spread capacity expansions taking place/ likely to take place in steel sector.
2. Cyclicity nature of the steel industry.
3. Hardening of Interest Rates on account of increase in inflation.
4. Fluctuation in Rupee.

Management's Perception

Your company is confident to counter the factors perceived to weaken and pose threat to its performance with various proactive steps as stated below:

1. Working Capital Limits are proposed to be realigned so as to avoid stretched liquidity position and achieving better financial management as well as facilitating smooth material lifting.
2. Manufacturing synergies for better utilization of plant capacities.

3. Process and product improvements to achieve the task of perpetuating domestic market particularly OEM sector for cold rolled steels.
4. Focus on customer oriented/structured production for better inventory control management.
5. Exports are poised to increase as markets of developing nations return to normality.
6. Optimization of work force.

e) Internal Control System and their Adequacy

Your Company has adequate internal control system commensurate with the size and nature of business to ensure efficient utilization and protection of assets, compliance with statutes and proper recording of transactions. There has been clearly defined organisation structure, limits of authority, well defined key responsibility areas, corporate policies for financial reporting & system of identifying key risk factors. The Company has engaged M/s. Parshotam Singla & Associates, Chartered Accountants as an external independent agency to conduct internal audit of affairs of your company.

Your Company has also an Audit Committee constituted pursuant to the provisions of Listing Agreement as well as under Section 292A of the Companies Act, 1956 which reviews internal control systems of the company from time to time.

f) Industrial relations

Industrial relations remained harmonious during the year under review.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, Corporate Governance Report, certifications and Auditors' Certificate regarding compliance of conditions of Corporate Governance are annexed to the Directors' Report as Annexure-I.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956 your directors state that they have:

- a) Followed, in the preparation of Annual Accounts, the applicable accounting standards.
- b) Selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of



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the company at the end of the financial year and the loss of the company for that year.

- c) Taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, so as to safeguard the assets of the company and to prevent and detect fraud and other irregularities.
- d) Prepared the annual accounts on a going concern basis.

Directors

During the year under review, Sh.Om Parkash Jindal resigned as chairman and director of the Company. The Board of Directors accepted his resignation with sincere appreciation of the services rendered by him.

Sh.Ved Parkash Chhabra and Sh. Davinder Goyal directors retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

Fixed Deposits

During the year under review, the Company has not accepted any deposits within the meaning of Section 58-A of the Companies Act,1956 and rules made hereunder:

Auditors

M/s.M.P.Goyal & Co., Chartered Accountants, the Statutory Auditors of the Company retire at the conclusion of this Annual General meeting and are eligible for re-appointment. **They have confirmed that they have been subjected to peer review process of the Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of ICAI.** They have also furnished a certificate to the effect that their appointment, if made, will be in accordance with Section 224 (1B) of the Companies Act,1956.

Auditors' Report

Auditor's Report read with Notes on Accounts is self-explanatory and do not call for further comments.

Listing

The Equity Shares of your Company continue to be listed with the Bombay Stock Exchange Limited to whom Annual Listing Fee upto year 2010-11 has been duly paid.

Conservation of Energy, Technology Absorption and Foreign Exchange

Information required under Section 217(1)(e) of the Companies Act 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as the Annexure-II to the Directors' Report.

Particulars of Employee

During the year under review, no employee of the Company was drawing remuneration equal to or more than the limits prescribed under Section 217 (2A) of the Companies Act,1956 read with Companies (Particulars of Employees) Rules 1975 as amended.

Acknowledgements

Your Directors wish to place on record their gratitude to banks, shareholders, various government departments, customers and business constituents for their support & co-operation.

Cautionary Statement

Statements in the Management Discussion and Analysis Report describing the Company's expectations, estimates, and projections may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed or implied.

For and on behalf of the Board of Directors
(Bharat Bhushan Jindal
Managing Director

Place : Ludhiana
Date : 13.08.2010

(Mohan Lal Jindal)
Executive Director



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ANNEXURE-I TO THE DIRECTORS REPORT : CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Code of Governance

Your Company's philosophy on corporate governance is to observe the principles of transparency, integrity and accountability in all dealings in pursuit of its overall organizational goals.

Our Focus Area(s)

- Timely and Transparent Disclosures
- Sustainable Growth
- Recognize & Manage Business Risks
- Consistent Focus on market feedback
- Productivity Improvement
- Legal Compliances
- Commitment to Quality
- Maximisation of Shareholders wealth
- Self-discipline
- Value of Time
- Safety in Operations

In pursuance of the above, the Board of Directors has constituted committees to implement its policies and guidelines and has set up adequate review systems for exercising effective management control and ensuring compliance of laws. There is adequate representation of independent directors on the Board.

The Company will continue its efforts towards raising the standards in Corporate Governance & review its systems and procedures constantly in pace with the changing environment.

2. Board of Directors

(a) Board Meetings

During the financial year 2009-10, 8 (Eight) Board Meetings were held on 25.04.2009, 22.06.2009, 31.07.2009, 31.08.2009, 31.10.2009, 14.11.2009, 14.01.2010 & 29.01.2010.

(b) Composition

The Board presently comprises of five directors. Two of them belong to promoters group while rest three are non-executive independent directors.

(c) Information of Directors being Appointed/ Re-appointed

A brief resume of the directors being re-appointed at the ensuing Annual General Meeting is furnished below:-

Sh.Ved Parkash Chhabra aged 59 years is a Practising Company Secretary. He holds Master Degree in Arts and is a member of the Institute of Company Secretaries of India. He has rich and varied experience of more than two decades in management consultancy, business restructuring, capital market operations, SEBI-related matters and other corporate laws. He is not director of any other company. He is not also member of any committee in any other company.

Sh. Davinder Goyal aged 43 years is B.Com., FCA, Partner in the Goyal Sanjay & Associates, Practising Chartered Accountants firm. He is having more than 15 years of experience in fields of accounts, finance and taxation. He is not director of any other company. He is not also member of any committee in any other company.

(d) Relationship amongst Directors

Sh.Bharat Bhushan Jindal, Managing Director is the nephew of Sh.Mohan Lal Jindal, Executive Director of the Company. Sh.Sanjay Goyal and Sh.Davinder Goyal are brothers and are not related with any other directors of the company. Sh.Ved Parkash Chhabra is not related with any director of the Company.



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The details of the Board composition, attendance of directors at Board Meetings during 2009-10 and their other memberships are given below:-

Name of Directors	Category	No. of Board Meetings Attended	Attendance at last AGM	Total number of Directorships in other companies		No. of Committee Positions in other Companies	
				Chairman	Member	Chairman	Member
Mr.Om Parkash Jindal*	Promoter Non-executive Chairman	3	Yes	-	-	-	-
Mr.Bharat Bhushan Jindal	Promoter Managing Director	8	Yes	-	3	-	-
Mr.Mohan Lal Jindal	Promoter Executive Director	6	Yes	-	1	-	-
Mr.Sanjay Goyal	Independent Non-executive Director	6	Yes	-	4	-	-
Mr.Ved Parkash Chhabra	Independent Non-executive Director	4	No	-	-	-	-
Mr.Davinder Goyal	Independent Non-executive Director	5	Yes	-	-	-	-

* ceased to be director during 2009-10.

3. Audit Committee

The Audit Committee of the company consists of Sh.Sanjay Goyal as Chairman and Sh.Mohan Lal Jindal, Sh.Ved Parkash Chhabra & Sh.Davinder Goyal as members.

The Statutory Auditors and Internal Auditors are permanent invitees to this Committee. The Company Secretary is the Secretary of the Committee.

The terms of reference of the Audit Committee are as contained in Clause 49 of the Listing Agreement also in Section 292A of the Companies Act, 1956.

The appointment, removal and terms of remuneration of internal auditor are also subject to review by Audit Committee.

The Audit Committee met 4 (four) times during 2009-10 on 28.05.2009, 31.07.2009, 31.10.2009 and 29.01.2010

4. Whistle Blower Policy

Your Company has adopted an internal policy on access to Audit Committee whereby any personnel who observes any unethical or improper practice in respect of matters involving any alleged misconduct (not necessarily a violation of law) can approach the Audit Committee without necessarily informing their superiors. The Company has provided protection to "whistle blowers" from unfair termination and other prejudicial employment practices.

5. Remuneration Committee

The Remuneration Committee of the company decides policy on specific remuneration packages to directors including pension rights and any other compensation payments. It comprises of Sh.Sanjay Goyal as Chairman, Sh.Davinder Goyal Sh.Parshotam Lal Singla, Chartered Accountants, and Vikas Rai Berry Company Secretary as members.

The Company pays remuneration to the Managing Director and the Executive Director only. The details of remuneration paid to them during the year 2009-10 are given below:-

Name	Designation	Tenure of appointment	Salary	Perks	Gross
Mr. Bharat Bhushan Jindal	Managing Director	5 years	840000	Nil	840000
Mr. Mohan Lal Jindal	Executive Director	5 years	300000	Nil	300000

During 2009-10, 2 (two) meetings of remuneration committee was held on 22.06.2009. & 29.01.2010. The non-executive directors are not paid any remuneration. There was no pecuniary relationship or transactions of the non executive director's vis-a-vis the company. As of now, the company does not have any Employee Stock Option Plan (ESOP).

6. Shareholders Grievance Committee

Shareholders Grievance Committee looks into redressing of Shareholders complaints like transfer of shares, non-receipt of shares/annual



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reports etc., reviewing the working of Company's Registrar for depository services and Share Transfer Agent, reviewing the reports of the Company's Registrar, making suggestions to the Board for improving interaction with the shareholders at large etc. It comprises of Sh.Ved Parkash Chhabra as Chairman, Sh.Bharat Bhushan Jindal & Sh.Vikas Rai Berry as members.

During the year 2009-10, the Company received 1 (one) complaint related to non-receipt of annual report which was duly replied.

There was no pendency in respect of complaints/queries from shareholders. The Shareholders Grievance Committee met 4 (times) during 2009-10 on 28.05.2009, 15.08.2009, 31.10.2009 & 14.01.2010 The company has designated a separate e-mail I.D. viz. vikasrai339@rediffmail.com for redressal of investors complaints and grievances.

A Secretarial Audit is carried out by the Statutory Auditors of the Company to reconcile the admitted capital with NSDL & CDSL and total issued and listed capital. This audit is carried out for every quarter. The secretarial report confirms that total issued capital is in agreement with total number of shares in physical form and in dematerialized form with NSDL & CDSL.

7. a) General Body Meetings

The details of last three Annual General Meetings are as follows:-

Meeting	Day, Date & Time of Meeting	Venue	No. of Special Resolutions
21 st	Friday, 31 st July, 2009 at 11.00 A.M	Regd. Office: C-122,Phase-V. Focal Point, Ludhiana	2
20 th	Wednesday, 30 th July, 2008 at 11.30 A.M.	—do—	2
19 th	Wednesday, 26 th September, 2007 at 11:00 A.M.	—do—	1

b) Postal Ballot

The Company did not pass any resolution through postal ballot during the financial year 2009-10.

8. Disclosures

During the year under review, there was no material significant transaction with the promoters, directors, management, their relatives etc. that may have potential conflict with the interest of the Company at large.

There has not been any non-compliance by the Company in respect of which penalties or strictures have been imposed by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.

The Company has not issued any GDRs/ADRs.

The Company did not have any subsidiary company.

The disclosures as to Contingent Liabilities and related party transactions are given in the Notes on Accounts annexed with the Balance Sheet and Profit & Loss Account.

9. Means of Communication

The Company communicated with the shareholders at large through its Annual Reports, publication of financial results in a English newspapers usually The Financial Express/The Financial World and a vernacular newspaper usually Punjabi newspaper Desh Sewak and by filing reports & returns with the statutory bodies like Stock Exchange and the Registrar of Companies.

The Management Discussion and Analysis is included in the Directors' Report.

10. General Information for Shareholders

i) 22nd Annual General Meeting

Date : 15th September, 2010

Time : 11:00 A.M.

Venue : C-122, Phase-V, Focal Point, Ludhiana-141010 (Punjab)

ii) Financial Calendar 2010-11

First Quarter Results : 13th August, 2010

Second Quarter Results : By the end of October, 2010

Third Quarter Results : By the end of January, 2011

Fourth Quarter Results : By the end of April, 2011

Annual Results 2010-11 : By the end of August, 2011



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iii) Date of Book Closure

27.07.2010 to 29.07.2010 (both days inclusive)

iv) Dividend Payment Date

Not Applicable as dividend is not being declared.

v) Listing & Stock Code

The equity shares of the Company are presently listed with the Bombay Stock Exchange Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001 vide script code no. 513530. Annual Listing fee upto 2010-11 has been duly paid.

vi) Market Price Data

Financial Year 2009-10	Share Prices of the Company at BSE		BSE Sensex	
	High	Low	High	Low
April 2009	13.77	9.15	11492.10	9546.29
May 2009	18.45	9.51	14930.54	11621.30
June 2009	18.70	13.05	15600.30	14016.95
July 2009	14.30	10.47	15732.81	13219.99
August 2009	14.91	12.14	16002.46	14684.45
September 2009	16.95	13.59	17142.52	15356.72
October 2009	16.90	13.75	17493.17	15805.20
November 2009	16.50	12.91	17290.48	15330.56
December 2009	16.45	13.14	17530.94	16577.78
January 2010	21.30	14.65	17790.33	15982.08
February 2010	17.00	13.50	16669.25	15651.99
March 2010	15.89	12.00	17793.01	16438.45

vii) Dematerialization of Shares, Registrar & Transfer Agent.

The equity shares of the Company are available for dematerialisation through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

8418825 Equity Shares comprising of 94% (approx.) of the total equity shares of the company are in dematerialized form as on 31.03.2010.

The International Securities Identification Number (ISIN) of the Company is INE 308D01013. M/s.Skyline Financial Services Pvt. Limited having office at D-153/A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 is the Registrar for depository services and STA for handling of physical share transfer work.

viii) Share Transfer System

The dematerialized equity shares are directly transferred to the beneficiaries by the depositories. The process of transfer/transmission/ transposition

etc. of equity shares in physical form including despatch of the share certificates is completed within a period of 15 days if the documents are in order in all respects.

The Shareholders Grievance Committee specifically looks into the redressal of shareholders complaints like transfer of equity shares and related matters.

ix) Distribution of Shareholding as on 31.03.2010

Share Holding Range	Share Holders		Share Holding	
	Number	% to total	Number	% to total
Upto 1000	5180	93.2	1278448	14.2
1001 5000	299	5.4	622767	6.9
5001 10000	38	0.7	272451	3.1
10001 and above	39	0.7	6801334	75.8
Total	5556	100.0	8975000	100.0

x) Share Holding Pattern as on 31.03.2010

Category	No. of Shares	% to Total
Promoters Group	4110467	45.8
Corporate Bodies	1511659	16.8
Indian Public	3314373	36.9
NRI	38501	0.5
Total	8975000	100.0

Promoters Group include Mrs.Santosh Rani, Mr.Mohan Lal Jindal, Mrs.Suresh Rani, Mr.Mohit Jindal, Mr.Mohan Lal-Karta (Mohan Lal & Sons-HUF), Mr.Bharat Bhushan Jindal, Mr. Abhishek, Mrs.Shveta Gupta, Mrs.Shweta Jindal, Mrs.Kamal Kanta, Mr.Bharat Bhushan -Karta (Bharat Bhushan & Sons-HUF), Stelco International Limited and B.M.J Real Estates Pvt. Ltd.

xi) Plant Locations

Unit No.1 : C-122, Phase-V, Focal Point, Ludhiana-141010
Unit No.II : G. T. Road, Village Jaspalon, Doraha, Distt. Ludhiana

xii) Address for correspondence

Registered Office : C-122, Phase-V, Focal Point, Ludhiana-141 010. (Punjab)
Telephone : 0161-4680400 to 430
Fax : 0161-5018244
E-mail : vikasrai339@rediffmail.com
shares@stelcostrips.com
stelco@satyam.net.in
Website : www.stelcostrips.com



STELCO STRIPS LIMITED

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE.

To,
The Members
Stelco Strips Limited,

We have reviewed & examined the compliance of conditions of Corporate Governance by Stelco Strips Limited for the year ended 31st March, 2010 as stipulated in Clause 49 of the Listing Agreement of the company with the stock exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the company.

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

For M. P. Goyal & Co.
Chartered Accountants

Place: Ludhiana
Date : 13.08.2010

(Rajnish Goyal, F.C.A)
Partner

ANNEXURE-II TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2010

A) CONSERVATION OF ENERGY

The Company continues to give high priority to the conservation of energy. Measures taken for this purpose include improved house keeping regular preventive maintenance, plugging of leakages, indoor shop lighting, replacement of worn out wires. The habit of saving energy in general use is inspired.

B) TECHNOLOGY ABSORPTION

The technology used by the Company is purely indigenous by taking care of latest developments and improvements. The research and development activities of the Company are directed towards process improvement, safety in operations, cost effectiveness and energy conservation. No technology has been imported by the Company in the last 5 years.

C) FOREIGN EXCHANGE EARNINGS & OUTGOINGS

		(Rs. in lacs)
a) Foreign Exchange earned	:	3237.54
b) Foreign Exchange used	:	—

Particulars	FORM 'A'	
	2009-10	2008-09
1) Power & Fuel Consumption		
Electricity Purchased		
Units KWH	6606090	10626675
KVAH	6883100	10891739
Total Amount (Rs.)	33386443	45871147
Average Rate/Unit(Rs.)	5.05	4.32
2) Coal	Nil	Nil
3) Oil/H.S.D		
Total Quantity (in Liters)	329797	404600
Total Cost(Rs.)	10584056	13774372
Average Rate (Rs.)	32.09	34.04

For and on behalf of the Board of Directors
(Bharat Bhushan Jindal)
Managing Director

Place : Ludhiana
Date : 13.08.2010

(Mohan Lal Jindal)
Executive Director



STELCO STRIPS LIMITED

Declaration Regarding Compliance with Code of Conduct

To,
The Members
Stelco Strips Limited,

This is to confirm that the Company has adopted Code of Conduct for Board members and senior management personnel. The said code has been communicated to the directors and members of Senior Management, who have affirmed compliance of the same.

The Code of Conduct reads as follows:

"All the Directors and the entire management personnel are expected to conduct the operations of the Company in an impartial and objective manner with ensuring that canons of honesty, transparency, integrity, accountability and openness be the guiding force for all endeavours. Requisite care and diligence has to be ensured in every policy & method with acting in this wise: 'Does it square with what is right and just.'

No one should offer/give or receive any pecuniary or other benefit in course of discharge of his assignments. Personal activities and transactions should never clash or cause conflict with the interests of the Company. Disclosures should be made about all the financial and commercial transactions where exists personal interest that may have a potential conflict with the interests of the Company at large.

Regular and reliable information be timely disseminated to the stake holders. The feedback from the customers, stakeholders and all business constituents should be adhered to the greatest possible manner, thereby, gaining and holding their loyalty and respect."

For and on behalf of the Board of Directors

Place : Ludhiana (Bharat Bhushan Jindal)
Date : 13.08.2010 Managing Director

CEO/CFO CERTIFICATION

To

The Members of Stelco Strips Limited,

- a) We, on the basis of review of the Financial Statements and Cash Flow Statement of the Company for the financial year ended 31st March, 2010 and to the best of our knowledge and belief, certify that :
- i) These statements do not contain any materially untrue statement or omit any material fact nor do they contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the company affairs and are in compliance with the existing accounting standards and /or applicable laws/regulations.
 - iii) No transactions was entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- b) We accept responsibility for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of internal control systems of the company and we have also disclosed to the auditors and the Audit Committee those deficiencies in the design or operation of internal controls, if any, of which we are aware and that steps we have taken or propose to take to rectify these deficiencies.
- c) We further certify that :
- i) There have been no significant changes in internal control during this year;
 - ii) There have no significant changes in accounting policies during this year.
 - iii) There have no instances of significant fraud of which we have become aware and the involvement therein, if any of the management or an employee having a significant role in the company's internal control system.

For and on behalf of the Board of Directors

(Bharat Bhushan Jindal)
Managing Director

Place : Ludhiana (Vikas Rai Berry)
Date : 13.08.2010 Company Secretary



STELCO STRIPS LIMITED

AUDITORS' REPORT

To
The Members
Stelco Strips Limited,

- 1) We have audited the Balance Sheet of M/s Stelco Strips Limited as at 31st March, 2010 and Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 issued by the Department of Company Affairs Government of India in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of that checks as we considered appropriate and according to information and explanations given to us, we annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
 - (a) 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;
 - (b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examinations of the books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement as referred to in this report are in agreement with the books of account produced before us;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account & Cash Flow Statement of the Company dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31.03.2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to explanations given to us, the said accounts read together with the Accounting Policies & Notes on Accounts (as per Schedule-T), 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, 2010
 - (ii) In the case of Profit & Loss Account, of the Loss for the year ended on that date;
 - (iii) In the case of Cash Flow Statement, of the Cash flows for the year ended on that date.
- 4) Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of accounts, as required by law, have been kept by the Company, so far as appears from our examinations of the books;

For M.P. Goyal & Co.
Chartered Accountants

Place: Ludhiana
Date : 13.08.2010

(Rajnish Goyal, F.C.A)
Partner



ANNEXURE TO THE AUDITOR'S REPORT

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

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
- (b) The Company has a phased programme of physical verification of its fixed assets which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanation given to us, no substantial part of fixed assets has been disposed off by the Company during the year, and therefore it does not effect the going concern assumption.
2. (a) The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the records of inventory, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of stocks as compared to the book records were not material.
3. The Company has not granted or taken any loans, secured or unsecured to and from Companies, firms or other parties as covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal procedures commensurate with the size of the company and the nature of its business for the purchase of the inventory, fixed assets and for sale goods. Further on the basis of our examination of the books & records of the Company & according to information & explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures.
5. We are informed that there are no transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 & aggregating during the year to Rs. 500000/- or more in respect of any party.
6. According to the records of the company & the information & explanations given to us, the Company has not accepted deposits within the meaning of the provisions of Section 58-A and 58AA of the Companies Act, 1956 and the rules made hereunder.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. We are informed that the Central Govt. has not prescribed for the maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the products manufactured by the Company
9. (a) According to the records of the Company and the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.
- (b) According to the records of the Company and the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Custom Duty, and Excise Duty were outstanding as at 31st March, 2010.



STELCO STRIPS LIMITED

10. The Company has no accumulated losses as at 31st March, 2010 and has incurred cash losses during the financial year ended on that date.
11. According to the records of the Company and the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank as at the Balance Sheet date.
12. According to information & explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/nidhi/mutual benefit fund/societies are not applicable to the Company.
14. According to the records & the information & explanations given to us, the Company is not a dealer or trader in shares, securities, debentures, and other investments.
15. According to the information & explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the records of the Company & the information & explanations given to us, term loans raised during the year for expansion have been used for capital expansion.
17. According to information and explanations given to us and as per the books and records of the Company, as on the date of balance sheet, the funds raised by the Company on short term basis have not been applied for long term investments.
18. According to the records & the information & explanations given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. According to records of the Company & the information & explanations given to us, no debentures have been issued by the Company.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us., we have neither come across any instance of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.

For M.P. Goyal & Co.
Chartered Accountants

(Rajnish Goyal, F.C.A.)
Partner

Place: Ludhiana
Date : 13.08.2010



STELCO STRIPS LIMITED

Balance Sheet as at 31st March, 2010

Particulars	Schedule	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Sources of Funds			
Shareholder's Funds			
Share Capital	A	89750000	89750000
Reserves & Surplus	B	203056954	310516685
Loan Funds			
Secured Loans	C	780618621	608834288
Unsecured Loans	D	120118100	123800000
Deferred Tax Liability		23843715	21283715
Total		1217387390	1154184688
Application of Funds			
Fixed Assets			
Gross Block	E	459612389	433438844
Less : Depreciation		119126065	98238470
Net Block		340486324	335200374
Investments	F	1059860	1534860
Current Assets, Loans & Advances			
Inventories	G	561965663	520419781
Sundry Debtors	H	248903193	343922932
Cash & Bank Balances	I	7139366	23548874
Loans & Advances	J	72825252	81648494
		890833474	969540081
Less: Current Liabilities & Provisions	K	14992268	152090627
Net Current Assets		875841206	817449454
Total		1217387390	1154184688
Accounting Policies & Notes On Accounts	T		

As per Separate Report of Even Date attached

For & on Behalf of Board of Directors

For M.P.Goyal & Co.
Chartered Accountants

(Rajnish Goyal)
Partner

(Bharat Bhushan Jindal)
Managing Director

(Mohan Lal Jindal)
Executive Director

Place : Ludhiana
Date : 13.08.2010

(Vikas Rai Berry)
Company Secretary



STELCO STRIPS LIMITED

Profit & Loss Account for the year ended 31st March, 2010

Particulars	Schedule	For the Year ended 31.03.2010 Rs.	For the Year ended 31.03.2009 Rs.
Income			
Sales & Service	L	2251786688	2460155802
Other Income		2084580	1737238
		<u>2253871268</u>	<u>2461893040</u>
Expenditure			
Material Consumed	M	2099393096	1808982271
Manufacturing Expenses	N	150373696	310683530
Personnel Expenses	O	29217403	24062985
Financial Expenses	P	6640174	6210740
Administrative Expenses	Q	7800164	14383350
Selling Expenses	R	42561431	111212910
		<u>2335985964</u>	<u>2275535786</u>
Less: Increase/(Decrease) in Stock	S	78586728	(35006052)
		<u>2257399236</u>	<u>2310541838</u>
Profit (Loss) Before Interest, Depreciation & Tax		<u>(3527969)</u>	<u>151351202</u>
Interest		80484161	80770495
Profit (Loss) Before Depreciation & Tax		<u>(84012130)</u>	<u>70580707</u>
Depreciation		20887601	19837161
Profit (Loss) Before Tax		<u>(104899731)</u>	<u>50743546</u>
Provision for: Income Tax		-	10000000
Fringe Benefit Tax		-	500000
Profit (Loss) After Tax		<u>(104899731)</u>	<u>40243546</u>
Balance Brought Forward		224412274	184168728
Balance Available For Appropriation		<u>119512543</u>	<u>224412274</u>
Appropriations			
Balance Carried to Balance Sheet		119512543	224412274
Earning Per Share (Face Value of Rs.10/-each) (Refer Note No.XII of Notes on Accounts)			
Basic		-	4.48
Dilluted		-	4.48
As per Separate Report of Even Date attached		For & on Behalf of Board of Directors	
For M.P.Goyal & Co. Chartered Accountants			
(Rajnish Goyal) Partner		(Bharat Bhushan Jindal) Managing Director	(Mohan Lal Jindal) Executive Director
Place : Ludhiana Date : 13.08.2010			(Vikas Rai Berry) Company Secretary



STELCO STRIPS LIMITED

Schedules forming part of the Balance Sheet as at 31st March, 2010

Particulars	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Schedule - A		
Share Capital		
Authorised Share Capital 15000000 (Previous Year 15000000) Equity Shares of Rs.10/- each	<u>15000000</u>	<u>15000000</u>
Issued, Subscribed & Paid Up Capital 8975000 (Previous Year 8975000) Equity Shares of Rs.10/- each	<u>8975000</u>	<u>8975000</u>
Schedule - B		
Reserves & Surplus		
General Reserve Balance as per last account Less : Provision for Deferred Tax Liability	<u>53441285</u> <u>2560000</u> <u>50881285</u>	<u>58982185</u> <u>5540900</u> <u>53441285</u>
Share Premium	<u>32663126</u>	<u>32663126</u>
Profit & Loss Account	<u>119512543</u>	<u>224412274</u>
	<u>203056954</u>	<u>310516685</u>
Schedule - C		
Secured Loans		
Term Loans	<u>189254802</u>	<u>53643573</u>
Working Capital/Cash Credit Borrowings	<u>591363819</u>	<u>555190715</u>
	<u>780618621</u>	<u>608834288</u>
Schedule - D		
Unsecured Loans		
Short Term Loans (STL)	<u>120118100</u>	<u>123800000</u>
	<u>120118100</u>	<u>123800000</u>



STELCO STRIPS LIMITED

Schedule - 'E'

Fixed Assets & Depreciation

Particulars	Gross Block				Depreciation			Net Block		
	As At 1.4.2009	Additions	Sales/ Adjust- ments	As At 31.3.2010	As At 1.4.2009	For the Year	Adjust- ment/ Written Back	As At 31.3.2010	As At 31.3.2010	As At 31.3.2009
Land	2095349	--	--	2095349	--	--	--	--	2095349	2095349
Building	65816001	1863787	--	67679788	12264522	2202799	--	14467321	53212467	53551478
Plant & Machinery	343316071	28606376	--	371922447	78762554	16877292	--	95639846	276282601	264553509
Furniture & Fixture	1697510	84042	--	1781552	487210	112331	--	599541	1182011	1210299
Vehicles	12053778	--	--	12053778	4225694	1145124	--	5370818	6682960	7828082
Office Equipment	3900771	178704	--	4079475	2498484	550055	--	3048539	1030936	1402287
Capital Work In Progress	4559370	--	4559370	--	--	--	--	--	--	4559370
Grand Total	433438850	30732909	4559370	459612389	98238464	20887601	--	119126065	340486324	335200374
Previous Year	413482432	20605201	648789	433438844	78594339	19837161	193030	98238470	335200374	3348880963

Particulars	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
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Schedule - F

Investments (At Cost)

Quoted		
474 (Previous Year 474) Equity Shares of Punjab National Bank of Rs.10/- each (Fully Paid)	184860	184860
Unquoted	875000	1350000
	1059860	1534860

Schedule - G

Inventories

(As taken, valued and certified by the management)

Raw Material	55125480	93859826
Work in Process	462136591	382353695
Finished Goods	6335092	7531260
Stores & Spares	38368500	36675000
	561965663	520419781

Schedule - H

Sundry Debtors

(Unsecured, Considered Good)

More Than Six Months Old	551069	542342
Others	248352124	343380590
	248903193	343922932



STELCO STRIPS LIMITED

Particulars	As at 31.03.2010 Rs.	As at 31.03.2009 Rs.
Schedule - I		
Cash & Bank Balances		
Cash in Hand	1864539	1875683
Balances with Scheduled Banks		
In Current Accounts	1614574	920911
In Fixed Deposits Accounts	3660253	20752280
	<u>7139366</u>	<u>23548874</u>
Schedule - J		
Loans & Advances		
(Unsecured, Considered Good)		
Advance Recoverable in Cash or in Kind or for Value to be received	56342095	72727820
Advance Taxes (Net of Provision)	16483157	8920674
	<u>72825252</u>	<u>81648494</u>
Schedule - K		
Current Liabilities & Provisions		
Sundry Creditors	8137005	142280730
Other Liabilities	6855263	9809897
	<u>14992268</u>	<u>152090627</u>
Schedule - L		
Sales & Services		
Sales - Domestic	1928032970	1600543502
Sales - Export	323753718	859612300
	<u>2251786688</u>	<u>2460155802</u>



STELCO STRIPS LIMITED

Schedules forming part of the Profit and Loss Account for the year ended 31st March, 2010

Particulars	For the Year ended 31.03.2010 Rs.	For the Year ended 31.03.2009 Rs.
Schedule - M		
Material Consumed		
Opening Stock	93859826	105383271
Add : Purchases	2060658750	1797458826
	2154518576	1902842097
Less : Closing Stock	55125480	93859826
	2099393096	1808982271
Schedule - N		
Manufacturing Expenses		
Stores & Spares	19340211	29187298
Power & Fuel	47463243	65050676
Duties & Levies	82068037	214023673
Repairs & Maintenance	976822	1471398
Labour Charges	525383	950485
	150373696	310683530
Schedule - O		
Personnel Expenses		
Salary, Wages & Other Allowances	25238593	20715404
Contribution Towards PF & Other Fund	1746040	1694161
Staff Welfare Expenses	1092770	513420
Directors Remuneration	1140000	1140000
	29217403	24062985
Schedule - P		
Financial Expenses		
Bank Charges	6640174	6210740
	6640174	6210740



STELCO STRIPS LIMITED

Particulars	For the Year ended 31.03.2010 Rs.	For the Year ended 31.03.2009 Rs.
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Schedule - Q

Administrative Expenses

Rent, Rates & Taxes	49329	52208
Insurance	1487868	1579333
Other General Expenses	6187967	12676809
Auditors Remuneration	75000	75000
	<u>7800164</u>	<u>14383350</u>

Schedule - R

Selling Expenses

Advertisement & Publicity	104679	203960
Cartage Outward	2308216	11798979
Rebate & Discount	3731086	13255259
Commission	101440	139353
Export Expenses	36316010	85815359
	<u>42561431</u>	<u>111212910</u>

Schedule - S

Increase/ (Decrease) In Stock

Closing Stock	468471683	389884955
Opening Stock	389884955	424891007
Increase/(Decrease) in Stock	<u>78586728</u>	<u>(35006052)</u>

As per Separate Report of Even Date attached

For M.P.Goyal & Co.
Chartered Accountants

(Rajnish Goyal)
Partner

Place : Ludhiana
Date : 13.08.2010

For & on Behalf of Board of Directors

(Bharat Bhushan Jindal)
Managing Director

(Mohan Lal Jindal)
Executive Director

(Vikas Rai Berry)
Company Secretary



SCHEDULE- "T"

NOTES ON ACCOUNTS

(i) **Significant Accounting Policies**

(A) **Accounting Conventions**

The accounts are prepared on accrual basics under the historical cost convention in accordance with the relevant provisions of the Companies Act, 1956 & Accounting Standards stipulated by the Institute of Chartered Accountants of India.

(B) **Sales**

Sales of goods including trading sales are recognized at the point of dispatch of finished goods to customers and include excise duty but net of returns.

(C) **Fixed Assets**

Fixed Assets are stated at historical cost less accumulated depreciation. Cost of leasehold property is not amortized since the lease is for a long period.

(D) **Depreciation**

Depreciation is provided on Straight Line Method in accordance with the rates and manners specified in Schedule XIV of the Companies Act, 1956.

(E) **Inventories** (as physically verified, valued and certified by management)

- i) Raw Materials, Work-in Process are valued at cost.
- ii) Finished Goods are valued at cost or market price whichever is less.
- iii) Components, Stores and Spared, Packing Materials etc. are valued at Cost.
- iii) Scrap is valued at realizable value.

(F) **Excise Duty**

Cenvat(Modvat) credit on excise duty paid inputs and capital assets is accounted for by reducing the purchase cost of the related inputs or the capital assets as the case may be. No effect is given for excise on finished goods stock at year end, as this has no impact on the profit/loss of the company.

(G) **Income Tax**

Provision for current tax is made for the amount of tax payable in respect of taxable income for the year under Income Tax Act, 1961. If any extra demand is raised by income tax authorities that is accounted for in the year of payment/final adjustment.

(H) **Borrowing Cost**

Borrowing Costs that are directly attributed to acquisition, construction or production of qualifying assets are capitalized as a part of cost of the assets. Other borrowing costs are recognized as an expense in the year in which they incurred.

(I) **Retirement Benefits**

Contributions are made under the relevant rules/statues for provident fund and family pension fund and gratuity which are charged to the profit & loss account on accrual basis.

(J) **Investments**

Investments are carried at cost.



STELCO STRIPS LIMITED

Contingent Liabilities

There have been no capital contracts pending to be executed at the end of the year (Previous Year Rs.Nil)

- (ii) In the opinion of the Board of Directors, the current assets, loans and advances and current liabilities are having the value at which they are stated in the Balance Sheet, if realised, in the ordinary course of business and subject to confirmation.
- (iii) There is no Micro, Small & Medium Enterprises under the Micro, Small & Medium Enterprises Development Act, 2006 to whom the company owes a sum exceeding Rs.1.00 lac for more than 30 days as on the Balance Sheet date to extent such enterprises have been identified based on the information available with the company.
- (iv) **Secured Loans**
 - (a) Term Loans are secured by first charge on block assets of the company and second charge on the moveable assets.
 - (b) Working Capital facilities are secured by way of first charge on current as well as fixed assets of the company.
- (v) **Related Party Disclosures AS-18**

The Remuneration paid/payable to Managing Director, Executive Director & Relatives are as follows:-

	(Rs. In Lacs)	
	2009-10	2008-09
Salary :		
Managing Director	8.40	7.20
Executive Director	3.00	3.20
General Manager*	6.00	6.00
Total	<u>17.40</u>	<u>16.20</u>

* Salary to Mr. Abhishek Jindal who is related to Sh. Bharat Bhushan Jindal, Mg. Director as per the General Body Resolution passed on 30.07.2008.

- (vi) As the Company's business activity falls within a single business segment i.e. Steel, the disclosure requirement of the Accounting Standard (AS-17) on segment reporting issued by the Institute of Chartered Accountants of India is not applicable
- (vii) **Accounting for Taxes & Income**

Provision for taxation for year comprises of current tax. Current tax is the amount of Income Tax ascertained on the basis of assessable profit computed in accordance with the provisions of Income Tax Act, 1956. Deferred tax is recognized, subject to the consideration prudence, on timing difference, being the difference between income and Accounting income that originate in one period and are of reversal in one or more subsequent period.

The Company has made net Deferred Tax Liability amounting to Rs. 25,60,000/- (previous year Rs.55,40,900/-) during the year charged from general reserve.
- (viii) **Impairment of Fixed Assets**

The Company has reviewed as at 31.03.2010 the future earning of its cash generating unit in accordance of the "Accounting Standard 28 Impairment of Asset" issued by the Institute of Chartered Accountants of India. As the carrying amount of the assets does not exceed the future recoverable amount, consequently no adjustment is considered necessary by the management.



STELCO STRIPS LIMITED

(ix) Foreign Currency Transactions

- (i) Foreign currency transactions are recorded at exchange rate prevailing at the time of actual payment/receipt.
- (ii) The export sales are converted at exchange rate prevailing on the date of negotiation of export bills. Export Receivable are net of export bill discounted.

(x) Investments

- (a) Aggregate market value of quoted investments is Rs.4.80 Lacs. (Previous Year: Rs.1.95 Lacs)
- (b) Details of Mutual Funds held as on 31.03.2010 are as under:-

	<u>2009-10</u>	2008-09
i) 50000 units PNB-Principal Long Term Equity Fund (Series-I, Growth Plan-fully paid)	500000	500000
ii) 15000 units PNB-Principal Long Term Equity Fund (Series-I, Dividend Plan-fully paid)	150000	150000
iii) 20000 units PNB- Principal Long Term Equity Fund (Series-II, Growth Plan Fully Paid)	200000	200000
iv) 50000 units SBI Infrastructure Mutual Fund (Growth Plan-fully paid)	—	500000

Others

i) 2500 Equity Shares Saraswat Co-operative Bank Ltd. (Face Value of Rs.10/- each fully paid-up)	25000	Nil
Total	875000	1350000

- (xi) Inadvertent error in audited annual accounts for the year 2009-10 (on account of inventory valuation) was noticed. Subsequently, revised annual accounts were placed before the board for reconsideration. The same have been approved by the Board of Directors in its meeting held on 13th August, 2010. The auditors have revised its earlier Auditors Report dated 28th May, 2010.

(xii) Earning per Share

Particulars	<u>2009-10</u>	2008-09
Net Profit (after tax)	—	40243546
Weighted average number of Shares outstanding :		
i) For basic earnings per share	8975000	8975000
ii) For diluted earnings per share	8975000	8975000
Earning per Equity Share (face value of Rs. 10/- each)		
i) Basic	—	4.48
ii) Diluted	—	4.48



STELCO STRIPS LIMITED

(xiii) Additional Information

Particulars	Class of Goods	2009-10	2008-09
Licensed Capacity	Cold Rolled Steel Strips/Sheets/Coils	125000MT	125000MT
	Galvanised Plain & Corrugated Sheets	50000MT	50000 MT
Installed Capacity	Cold Rolled Steel Strips/Sheets/Coils	116000MT	116000MT
	Galvanised Plain & Corrugated Sheets	50000MT	50000MT

Value of Closing Stock (as physically verified, valued and certified by management)

Particulars	2009-10 (Rs. in lacs)	2008-09 (Rs. in lacs)
Work in Progress	4621.36	3823.54
Finished Goods	63.35	75.31
Raw Material	551.25	938.59
Store & Spares	383.69	366.75
Total	5619.65	5204.19
Turnover & Other Income	22538.71	24618.93
Earning in Foreign Currency	3237.54	8596.12
Expenditure in Foreign Currency		
- Traveling	-	1.44
- Commission	-	2.51
- Machinery	-	45.59

(xiv) Previous year figures have been re-grouped/re-arranged wherever considered necessary to make them comparable with current year figures.

(xv) Schedules A to T to the Balance Sheet form an integral part of Balance Sheet.

Signatures to Schedules 'A' to 'T'

As per Separate Report of Even Date attached

For & on Behalf of Board of Directors

For M.P.Goyal & Co.
Chartered Accountants

(Rajnish Goyal)
Partner

(Bharat Bhushan Jindal)
Managing Director

(Mohan Lal Jindal)
Executive Director

Place : Ludhiana
Date : 13.08.2010

(Vikas Rai Berry)
Company Secretary



STELCO STRIPS LIMITED

Cash Flow Statement for the year ended 31st March, 2010

Particulars	For the Year ended 31.03.2010 Rs in Lacs	For the Year ended 31.03.2009 Rs in Lacs
Cash Flow from Operating Activities		
Net Profit (Loss) before extraordinary items	(1049.00)	507.44
Adjustment for		
Depreciation	208.88	198.37
Interest on borrowing	804.84	807.70
Profit/Loss on Sales of Assets	-	(0.41)
Operating Profit (Loss) before Working Capital Changes	(35.28)	1513.10
Adjustment for changes in		
Trade & other receivables	950.20	(1622.00)
Inventories	(415.46)	367.86
Trade payables & other liabilities	(1370.98)	(493.94)
Loans & Advances	88.23	272.64
Cash generated from Operations	(783.29)	37.67
Interest paid	804.84	807.70
Direct tax paid	-	105.00
Cash flow before Extra Ordinary Items	(1588.13)	(875.04)
Increase in working capital	361.73	1048.97
Net Cash from Operating Activities (A)	(1226.40)	173.94
Cash flow from Investing Activities		
Purchase of fixed assets	(261.74)	(206.05)
Sale of fixed assets	-	4.97
Sale/(Purchase) of Investments	4.75	7.00
Net Cash used in Investing Activities (B)	(256.99)	(194.08)
Cash flow from Financing Activities		
Borrowing Net	1356.11	(139.63)
Unsecured Loans	(36.82)	(20.75)
Net Cash used in Financial Activities (C)	1319.29	(160.38)
Net increase (Decrease) in cash and equivalent (A+B+C)	(164.10)	(180.53)
Cash & cash equivalent as at 01.04.2009	235.49	416.02
Cash & cash equivalent as at 31.03.2010	71.39	235.49

As per Separate Report of Even Date attached

For & on Behalf of Board of Directors

For M.P.Goyal & Co.
Chartered Accountants

(Rajnish Goyal)
Partner

(Bharat Bhushan Jindal)
Managing Director

(Mohan Lal Jindal)
Executive Director

Place : Ludhiana
Date : 13.08.2010

(Vikas Rai Berry)
Company Secretary

AUDITOR'S CERTIFICATE

The Board of Directors
Stelco Strips Limited
C-122, Phase - V, Focal Point
Ludhiana-141010

We have examined the attached cash flow statement of Stelco Strips Limited for the year ended 31.03.2010, derived from audited financial statements and books of accounts & records maintained by the company and found the same in agreement there with.

Place : Ludhiana
Date : 13.08.2010

For M.P.Goyal & Co.
Chartered Accountant
(Rajnish Goyal)
Partner



STELCO STRIPS LIMITED

PART - IV

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE.

I. Registration Details																	
Registration No.										0 7 9 2 1					State Code		1 6
Balance Sheet Date										3 1 - 0 3		- 2 0 1 0					
					Date		Month		Year								
Capital raised during the Year (Amount in Rs. Thousands)																	
Public Issue					Right Issue					Bonus Issue			Private Placement				
N I L					N I L					N I L			N I L				
III. Position of Mobilisation & Deployment of Funds (Amount in Rs. Thousands)																	
Total Liabilities										Total Assets							
1 3 4 3 1 1 2										1 3 4 3 1 1 2							
Source of Funds																	
Paid-up Capital					Reserve & Surplus					Secured Loans			Unsecured Loans				
8 9 7 5 0					2 0 3 0 5 6					7 8 0 6 1 8			1 2 0 1 1 8				
										Deferred Tax							
										2 3 8 4 3							
Application of Funds																	
Net Fixed Assets					Investments					Net Current Assets			Misc. Expenditure				
3 4 0 4 8 6					1 0 5 9					8 9 0 8 3 3			N I L				
IV. Performance of Company (Amount in Rs. Thousands)																	
Turnover & other Income					Total Expenditure					+/-Profit/ Loss Before Tax			+/- Profit / Loss After Tax				
2 2 5 1 7 8 6					2 3 5 6 6 8 5					- 1 0 4 8 9 9			- 1 0 4 8 9 9				
										Earning per Share in Rs.					Dividend Rate %		
										N I L					N I L		
V. Generic Names of Three Principal Products/Services of Company(As per Monetary Terms)																	
a)	Item Code No.		7 2 1 1 3 0														
	Product Discription		C O L D R O L L E D S T E E L S T R I P S														
	Item Code No.		7 2 1 0 4 9 0 0														
	Product Discription		G A L V A N I S E D P L A I N														
			G A L V A N I S E D C O R R U G A T E D														
			S H E E T S / C O I L S														

As per Separate Report of Even Date attached
For M.P.Goyal & Co.
Chartered Accountants

For & on Behalf of Board of Directors

(Rajnish Goyal)
Partner

(Bharat Bhushan Jindal)
Managing Director

(Mohan Lal Jindal)
Executive Director

Place : Ludhiana
Date : 13.08.2010

(Vikas Rai Berry)
Company Secretary

 **STELCO STRIPS LIMITED**

Registered Office : C-122, Phase - V, Focal Point, Ludhiana - 141010.

ATTENDANCE SLIP

(Please fill this Attendance Slip and hand it over at the entrance of the Meeting Hall.)

Full Name of the Shareholder :
(in Block Letters)

Name of Proxy :
(in Block Letters)

I, hereby record my presence at the 22nd Annual General Meeting of the Company held on Wednesday, the 15th day of September, 2010 at 11.00 A.M at the registered office of the Company at C-122, Phase - V, Focal Point, Ludhiana.

Folio No.
Client ID No.*
DP ID No.*
No of Shares held

(SIGNATURE OF THE ATTENDING MEMBER/PROXY)

NOTE:

- 1) Shareholders/Proxy holders attending the meeting are requested to bring the Attendance Slip to the meeting and hand over the same duly signed at the entrance of the meeting hall.
- 2) Shareholders/Proxy holders attending the meeting are requested to bring their copies of the Annual Report for reference at the meeting.

 **STELCO STRIPS LIMITED**

Registered Office : C-122, Phase - V, Focal Point, Ludhiana-141010.

PROXY

I/We of
in the district of being a member/members of Stelco Strips Limited
hereby appoint
of in the district of
or failing him of
in the district of as my / our Proxy to attend and vote for me/us on my/our
behalf at the 22nd Annual General Meeting of the Company to be held on Wednesday, the 15th day of September,
2010 at 11.00 A.M at the registered office of the Company at C-122, Phase - V, Focal Point, Ludhiana.
and at any adjournment there of.

Signed this day of2010
Folio No.
Client ID No.*
DP ID No.*
No. of Shares held

Affix
Revenue
Stamp

Note : The Proxy must be returned so as to reach the registered office of the Company at C-122, Phase - V, Focal Point, Ludhiana - 141010 not less than 48 hours before the time for holding the aforesaid meeting.

*Applicable for Shareholders holding shares in dematerialised form.