

**19th Annual Report****BOARD OF DIRECTORS:**

Shri Rajendra V. Shah
Shri Bhagwant Singh Rawat
Shri Ashok Sharma
Shri K.S. Kamath.
Shri Yogesh N Thaker
Shri G. M. Shaikh
Shri N.D.Shah
Shri Dilipkumar Sinha
Shri Harshad M. Shah
Shri Tejpal S. Shah
Shri Vincent Mendonsa
Shri Rajeev Kumar Sinha

Chairman
Jt.Managing Director

Nominee Director-Union Bank
Nominee Director-IDBI

COMPANY SECRETARY:

Kirit Kanjaria

REGISTERED OFFICE:

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

CORPORATE OFFICE :

Shah Alloys Corporate House
Sola-Kalol Road, SANTEJ,
Ta. Kalol Dist. Gandhinagar.

WORKS :

Shah Industrial Estate, Block No. 2221/2222
Sola-Kalol Road, Santej,
Tal. Kalol (N.G.) Dist. Gandhinagar.

AUDITORS :***Parikh & Majmudar***

Chartered Accountants
204-5-6, Harsh Avenue, Navjeevan Press Road,
Ahmedabad - 380 014.

Talati & Talati

Chartered Accountants
Ambica Chambers Nr. Old High Court
Navrangpura Ahmedabad - 380 009

BANKERS TO THE COMPANY :

1. Union Bank of India
2. State Bank of India
3. Bank of Baroda
4. Punjab National Bank
5. IDBI Bank Limited
6. Bank of Maharashtra
7. Axis Bank Limited

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



NOTICE

NOTICE is hereby given that Nineteenth Annual General Meeting of the Members of SHAH ALLOYS LIMITED will be held on Thursday, the 24th September 2009 at 9.30 a.m. at Rajpath Club Limited, S. G. Highway, Ahmedabad – 380 054, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March 2009 ,Balance Sheet as at that date and Reports of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri K. S. Kamath, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Yogesh N Thaker, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Dilipkumar Sinha, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the company and who shall hold office from the conclusion of this Annual General Meeting until, the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND PROXY NEED NOT BE A MEMBER. The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. Shareholders are requested to bring their copy of Annual Report to the meeting.
3. Members/Proxies should fill the Attendance Slip for attending the meeting.
4. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company's Corporate Office at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
5. The Register of Members and Share transfer Books Of the Company will remain closed from Thursday, 10th September, 2009 to Thursday, 24th September 2009(both days inclusive).
6. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

Registered Office:

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

Date: 27.06.2009
Place: Ahmedabad

By Order of the Board

Kirit Kanjaria
Company Secretary

**DIRECTOR'S REPORT**

To,

The Members
Shah Alloys Ltd.
Ahmedabad.

Your Directors present the 19th Annual Report together with the Audited statement of Accounts for the year ended on **31st March, 2009**.

FINANCIAL RESULTS:

| Particulars: | (Rs. in Crore) | |
|--|----------------|------------|
| | 31.03.2009 | 31.03.2008 |
| 1 Turnover | 847.53 | 1016.03 |
| 2 Profit/Loss before Dep. Int. & Taxes | (66.42) | (92.15) |
| 3 Profit/Loss before Tax | (176.35) | (179.12) |
| 4 Net profit after Tax | (123.60) | (118.88) |

OPERATIONAL REVIEW

The Company posted turnover of Rs. 847.53 crore for the financial year ended March 31,2009 against Rs. 1016.03 crore for the previous year ended March 31,2008. In the current financial year the net loss is Rs. 123.35 crore as against loss of Rs. 118.88 crore for the previous financial year ended March 31,2008

The financial year 2008-09 was very bad for your company and stainless steel sector with huge ups & downs witnessed in first & second half of the year. In the first half of financial year 2008, your company faced the severe problems of high cost of inputs, lower capacity utilization due to non-availability of working capital funds, high cost of funds (increasing trend of interest rates), high cost of captive power (Due to rise in Furnace oil prices), uncompleted expansion projects started in early 2007 put additional burden of interest cost and falling export sales took their toll on your Company's bottom line.

In the second half, where steel industry has been hit hard in the wake of global meltdown and resultant domestic down turn that faced most companies including major steel mills, to reduce production. Adverse market condition and prices of steel have more than halved in the second half created losses to the Company. Apart, Rupee depreciation has further tolled your company in term of import payment. Your company has faced the typical effect of down turn and Waned demand. Suddenly faced the excess inventories and idle capacities. Reduction in prices overnight has further aggravated financial crises of the company. The recent melt down is beyond mitigation. The waning demand and free fall in price and lower capacity utilization put the your company into losses.

FINANCIAL RESTRUCTURING:

Due to the situation as explained above, your Company had once again approached the Corporate Debt Restructuring (CDR) cell through the Lead Bank, Union Bank of India and thus the entire debt of the Company has been once again reworked by the CDR Cell.

AUDITORS REMARKS:

Auditor's Report state that the loss for the year has been understated by Rs. 21.38 crores and inventories has been over stated to that extent. The management is of view that as per the practice followed by the company in the earlier years, the company use to consider stocks lying at shop floor



as consumption and thereby such stocks were not considered as part of inventory valuation. The company has henceforth for better presentation and for better working considered such stocks lying at shop floor as part of inventory and consequently during the year, accordingly company has written back the consumption of stores and spares of previous years worth Rs. 21.38 Crores on the basis of physical verification of stock lying at shop floor of the factory. The same has been disclosed as an extra ordinary item in the Profit and Loss Account. Due to change in policy current year's loss is under stated to the extent of Rs.21.38 Crores and the inventory have been over stated to that extent.

CORPORATE GOVERNANCE:

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

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

DIRECTORS

Shri K.S Kamath, Shri Yogesh N Thaker & Shri Dilip Kumar Sinha retires by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Atul P. Pandya ceased to be Managing Director and Director due to his resignation from the Board of the Company w.e.f 14.07.2008. The Board places on record his appreciation for the services rendered by him as Managing Director during his association with the Company.

Industrial Development Bank of India has nominated Shri Rajeev Kumar Sinha, as a Director of the Company w.e. f 30.07.2008. Shri V.A.Mendonsa, was nominated as a Director of the Company w.e.f 30.07.2008 by Union Bank of India. Shri. Rajeev Kumar Sinha and Shri V. A. Mendonsa are not liable to retire by rotation as per the terms of Articles of Association.

PARTICULARS OF THE EMPLOYEES:

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

CONSERVATION OF ENERGY, R & D TECHNOLOGY ETC.

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

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors confirm:

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



- c) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for prevailing the detecting fraud and other irregularities;
- d) that they have prepared the annual accounts on a going concern basis.

AUDITORS:

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

FIXED DEPOSIT:

The Company has accepted the deposits during the year under review.

REGULATORY STATEMENT:

In conformity with provision of clause 32 in the Listing Agreement(s) the Cash Flow Statement for the year ended 31.03.2009 is annexed hereto.

The equity shares of your company are listed on the following stock exchanges and the listing fees are paid by the company for the year 2009-2010.

Bombay Stock Exchange Ltd.

P. J. Tower, Dalal Street, Mumbai – 400 001.

National Stock Exchange of India Ltd

“Exchange Plaza” Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051.

ACKNOWLEDGMENT:

Your Directors wish to place on record their appreciation for the valuable co-operation and support received from the customers and suppliers, various financial Institutions, Banks, Central and State Government bodies, Auditors and Legal Advisors and to all the persons who reposed faith and trust in the Company. We would also like to express thanks to our shareholders and stakeholders for their confidence and understanding.

Last but not the least, we wish to place on record our appreciation of the sincere services rendered by the employees and our colleagues at all levels, who have put in their best efforts. We look forward to their continued support in future.

For and on behalf of the Board

Date: 27th June 2009

Place: Ahmedabad

RAJENDRA V.SHAH

Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL STAINLESS STEEL SCENARIO

- The global stainless steel and carbon steel industries were buoyant during the first half of 2008-2009 but it was affected badly by the global financial meltdown during the third quarter.
- China over the last few years has emerged as the highest producer & consumer of stainless steel and kept its leading position during the year.
- Europe which has been traditional stainless steel leader in terms of production and consumption has shown negative growth due to the major recession in the western countries.
- Nickel which is one of the costliest raw materials for the production of stainless steel was volatile since the beginning of the year and touched multi year lows during this financial year on account of speculations and very weak demand from the consumer markets.
- Volatility in the nickel market was the major reason for suffering of the stainless steel industry during the year.
- Demand of stainless steel was very weak during the second half so the industry had to cut down production to extremely low levels which affected the financials of almost all the stainless steel companies.
- The developing countries have shown good growth pattern in terms of usage of the stainless steel since last few years and will most likely to continue to do so in the coming years.

INDIAN STAINLESS STEEL SCENARIO

- Stainless steel production in India is estimated to be close to 2 million MT.
- SS flat products production is about 1.5 million Mt and long products production is about 0.5 million Mt.
- The per capita consumption of stainless steel in India is very low compared to the developed world economies, so there is a huge potential for the growth as the economy is likely to grow at high rates in the coming years.
- According to the reports Indian consumption is likely to cross four million tonnes in the next ten years
- India has a 7% share of the world stainless steel production.
- The stainless steel market has grown by 14% CAGR over the last 15 years which is a tremendous growth of the sector.
- The Indian railways has announced that in the future railways shall be using huge amount of stainless steel for the wagon and coach manufacturing , which is likely to increase the consumption of stainless steel in the country by manifold during coming years.
- India is one of the leading producers of 200 series stainless steels which is a very popular grade for making kitchen utensils and other industrial applications.
- The demand during the first half for various grades of steel was booming but due to the domino effect of the world financial crisis the demand was very weak during the third quarter, however the demand started picking up towards the end of the financial year on account of lower inventory levels due to huge production cuts by the industry.

**COMPANY'S DEVELOPMENTS AND KEY HIGHLIGHTS**

- Your company is in the segment of flat products and long products in various grades of steel so it is a versatile player in the steel sector.
- It has taken major steps to counter the slowdown during the year which will help it to achieve better performance in coming years.
- The primary focus is to produce stainless steel in all the grades of 200,300 and 400 series.
- The company has also started producing various grades of alloy steels and high grade carbon steels to cater to the niche and high value markets.
- The focus is on the Indian market since the market is growing at high pace and there is a tremendous opportunity in the various segments like infrastructure, construction, auto, capital goods, architecture, kitchenware etc.
- In the export markets the focus is on the new markets of Middle East and Asia for the future growth in the stainless steel segment.
- The company is also producing mild steel plates and coils for the domestic markets.
- The company has started producing chequered plates of steel which is a niche product and has opened a new market.
- The company is proud in achieving the approval from RDSO for the supply of various grades of hot rolled and cold rolled stainless steel products.
- The company has been investing heavily in Research and development for producing high grades of alloy steel which are having specific industrial applications.
- It has tied up with various reputed suppliers for the supply of quality raw materials and controlling the inventory cost.

SEGMENT RESULTS

Your company operates in only one primary segment i.e. stainless steel. Your company also has a minor operation in form of a Medical Store. The Segmental performance is highlighted below:

(Rs. In Crore)

| | 2008-09 | 2007-08 |
|--------------------------|----------------|----------------|
| Total Income | 846.84 | 1016.03 |
| Stainless Steel Plant | 830.74 | 995.16 |
| Medical Store & Lab | 16.10 | 20.87 |
| Profit Before Tax | -156.61 | -180.81 |
| Stainless Steel Plant | -160.89 | -190.92 |
| Medical Store & Lab | 4.28 | 10.11 |
| Capital Employed | -63.42 | 99.89 |
| Stainless Steel Plant | -74.26 | 92.73 |
| Medical Store & Lab | 10.84 | 7.16 |



RISK AND CONCERNS:

In the normal course of business, the Company is exposed to external risks such as overall demand fluctuation in market segment in which it operates reduction in relative market share for its products due to the financial problems, impact of competition as well as internal risks such as variations in operational efficiency and cost structure. The company is also exposed to financial risks in form of Government policy, increase in energy price etc. The Company is taking appropriate steps to guard itself against these indentified risks.

The Company has put in place a risk management policy to identify the nature and magnitude of risk for mitigating the impact of such risks.

INTERNAL CONTROL SYSTEM

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

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

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

CAUTIONARY NOTE

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

Signifcant factors could make a difference to the Company’s operations include domestic and international economic conditions, changes in Government regulations, tax regime and other statutes.

The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.



REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The philosophy of Corporate Governance as manifested in the company's functioning is to achieve business excellence by enhancing long term shareholders value and interest. Good corporate governance has always been an integral part of the company's business philosophy. The company attaches significant importance to issue of corporate governance and has always focused on good corporate governance. Your company has consistently made efforts in ensuring transparency, accountability and responsibility in dealing with its Employees, Stakeholders, Customers and Community at large.

2) BOARD OF DIRECTORS

The Board of Directors is entrusted with the ultimate responsibility of the management. The Board consist of twelve directors, comprising four Executive Directors, one Non-Executive Director and seven Independent Directors. The Board represents an optimal mix of Professionalism Knowledge and Experience.

NUMBER OF BOARD MEETINGS

Shah Alloys Limited held five Board Meetings during the year ended 31st March, 2009. These meetings were on the maximum time gap between any two meetings was not more then four calendar months. None of the Directors of the Company was a member of more than ten Committees nor was the Chairman of more than five Committees across all companies in which they are Directors.

The Composition of the Board and other relevant details relating to Directors are given below:-

| Name of Directors | Category | Numbers of Board Meetings, | | No. of other Director-ships held | Committee Memberships held in other companies | | Whether Attended last AGM |
|-------------------------|--|----------------------------|--------------------------|----------------------------------|---|-------------|---------------------------|
| | | held during the year | Attended during the year | | as member | as Chairman | |
| Shri Rajendra V.Shah | Non- Executive Promoter Chairman | 5 | 5 | 1 | Nil | Nil | Yes |
| Shri K. S. Kamath | Non Promoter Executive Director | 5 | 4 | Nil | Nil | Nil | Yes |
| Shri Yogesh Thaker | Non Promoter Executive Director | 5 | 3 | 2 | Nil | Nil | Yes |
| Shri G.M. Shaikh | Non – Executive & Independent Director | 5 | 4 | Nil | Nil | Nil | Yes |
| Shri Atul P. Pandya * | Managing Director | 5 | 2 | 2 | Nil | Nil | Yes |
| Shri Harshad M. Shah | Non-Executive & Independent Director | 5 | 2 | 1 | 1 | Nil | No |
| Shri Ashok A Sharma | Wholetime Director | 5 | 5 | Nil | Nil | Nil | Yes |
| Shri N.D.Shah | Non-Executive & Independent Director | 5 | 4 | 1 | Nil | Nil | No |
| Shri Dilip Kumar Sinha | Non-Executive & Independent Director | 5 | 3 | 1 | Nil | Nil | No. |
| Shri Tejpal S. Shah | Non-Executive & Independent Director | 5 | 4 | 1 | Nil | Nil | No. |
| Shri Rajeev Sinha ** | Nominee Director | 5 | 2 | Nil | Nil | Nil | No. |
| Shri Vincent Mendonsa** | Nominee Director | 5 | 2 | Nil | Nil | Nil | No. |
| Shri B.S. Rawat | Jt Managing Director | 5 | 3 | Nil | Nil | Nil | No |

* Mr. Atul P. Pandya resigned as Managing Director on 14th July, 2008.

** Mr Rajeev Kumar Sinha and Mr Vincent Mendonsa appointed as Nominee Director of the Company w. e. f. 30th July, 2008.



BOARD PROCEDURE:

The Board meets at least once a quarter to review the Quarterly performance and the financial results. The Agenda for the Board/committee meeting are generally accompanied by background notes and other materials information which are circulated among the Directors in advance.

During the financial year ended 31st March 2009, five Board Meeting were held 16/04/2008, 30/06/2008, 30/07/2008/, 25/10/2008 and 31/01/2009. The gap between two Board meetings did not exceed four months.

AUDIT COMMITTEE:

The Roles and terms of reference of Audit Committee cover the areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act 1956, besides other terms as may be referred by the Board of Directors from time to time.

The Board of Directors of the Company has constituted Audit Committee comprising three Non-Executive Directors viz Shri G.M. Shaikh –Chairman, Shri R.V.Shah, and Shri N.D.Shah who are eminent professional knowledgeable in Finance, Accounts and Law.

Audit Committee comprise of expert specializing in accounting/financial management. The Chairman of the Audit Committee is a non executive and independent Director.

The Audit Committee met four times during the year on 30.06.2008 30.07.2008, 25.10.2008 and 31.01.2009.

The Composition and attendance of Audit Committee Meeting are given below:

| Name of Director | Designation | No. of Meetings | Meetings attended |
|-----------------------|-------------|-----------------|-------------------|
| Shri G.M. Shaikh | Chairman | 4 | 4 |
| Shri Rajendra V Shah | Member | 4 | 4 |
| Shri Natverlal D Shah | Member | 4 | 4 |

REMUNERATION COMMITTEE:

The Remuneration Committee comprises of three independent Non-executive directors viz. Shri G.M. Shaikh –Chairman, Shri N. D. Shah and Shri H. M. Shah.

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

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE:

The Shareholders' / Investors' Grievance Committee comprises of independent non-executive directors Shri G.M. Shaikh –Chairman, Shri N. D. Shah and Shri Ashok A. Sharma as Executive Director.

The committee reviews the performance and recommends measures for overall improvement in the quality of investor services.



The total numbers of complaints received are replied to satisfaction of shareholders during the year ended 31st March, 2009. The outstanding complaints as 31.03.2009 were Nil.

REMUNERATION TO THE DIRECTORS

The details of remuneration paid to Directors for the year ended March 31, 2009 are as follows:

| Name of Director | Sitting Fees Rs. | Salaries Perquisites Rs. | Commission Rs. | Total Rs. |
|-------------------------|-----------------------------|-------------------------------------|---------------------------|----------------------|
| Shri Rajendra V. Shah | Nil | Nil | Nil | Nil |
| Shri Atul P. Pandya | Nil | 657600 | Nil | 657600 |
| Shri K. S. Kamath | Nil | 559320 | Nil | 559320 |
| Shri Ashok Sharma | Nil | 582000 | Nil | 582000 |
| Shri Yogesh N Thaker | Nil | 1399200 | Nil | 1399200 |
| Shri G. M Shaikh | 20000 | Nil | Nil | 20000 |
| Shri Harshad M. Shah | 5000 | Nil | Nil | 5000 |
| Shri Natvarlal D. Shah | 20000 | Nil | Nil | 20000 |
| Shri Dilipkumar Sinha | 7500 | Nil | Nil | 7500 |
| Shri Tejpal S. Shah | 10000 | Nil | Nil | 10000 |
| Shri B S Rawat | Nil | 1380000 | Nil | 1380000 |
| Shri Rajeev Kumar Sinha | 5000 | Nil | Nil | 5000 |
| Shri Vincent Mendonsa | 5000 | Nil | Nil | 5000 |

- The Company does not have a scheme for grant of Stock option to the Directors.

CODE OF CONDUCT

The Company has already adopted a Code of Conduct which was made applicable to all its Directors, whether executive or non-executive and all Senior Management Personnel of the Company. The said code has been communicated to all Board members and senior management personnel of the Company.

DISCLOSURES

- A)** All details relating to financial and commercial transaction where Directors may have a pecuniary interest are provided to the Board. Details of related parties transactions have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related party, which is in conflict with the interest of the company.
- B)** There is no instance of non-compliance with the requirements of the regulatory authority on a matter relating to the capital market during last three years.
- C)** The Company has laid down the procedures to inform the Board members about the risk assessment and minimization procedures. The Board is periodically informed about business and other risks and its minimization procedures.
- D)** The company has followed the Accounting standard issued by Institute of Chartered Accountants of India (ICAI) in preparations of financial statement.



3. GENERAL BODY MEETINGS:

The location and time of the General Meetings held during the last three years is as follows:

| AGM / EGM | Date | Venue | Time | No. of special resolutions passed |
|-----------|--------------------|--|---------|-----------------------------------|
| AGM | September 23, 2006 | Rajpath Club Ltd., Setelite Road, Thaltej, Ahmedabad.- 380 054 | 9.00 AM | 1 |
| AGM | September 24, 2007 | Rajpath Club Ltd., Setelite Road, Thaltej, Ahmedabad.- 380 054 | 9.30 AM | - |
| AGM | September 24, 2008 | Rajpath Club Ltd., Setelite Road, Thaltej, Ahmedabad.- 380 054 | 9.00 AM | 2 |

During year ended 31st March, 2009 there have been no resolutions passed by the company's shareholders through postal ballot pursuant to Section 192A of the Companies Act.

MANAGEMENT:

Management discussion and analysis

The Management Discussion and Analysis forms part of this Report and is provided separately elsewhere in this report.

4. MEANS OF COMMUNICATION

The Company has a website viz. www.shahalloys.com. The quarterly and half yearly financial statements are not sent to the individual shareholders; however the same are placed on the Company's website for the information of shareholders and also published in news papers in English and Gujarati (regional language). Further all materials information which have some bearing on the operations of the company is sent to all the stock exchange concerned.

5. GENERAL SHAREHOLDER INFORMATION

As mentioned in the Notice, the 19th Annual General Meeting of the Company will be held on 24th September, 2009 at 9.30 a.m at Rajpath Club Ltd, Setelite Road, Thaltej, Ahmedabad-380 054.

* Financial Year

The financial year of the Company is 1st April to 31st March.

* Financial Calendar (tentative & subject to change)

- (a) First Quarter Results : July '09
- (b) Second Quarter Results : Oct.'09
- (c) Third Quarter Results : Jan.'10
- (d) Fourth Quarter results : May / June 2010

* **Date of Book Closure** : 10/09/2009 to 24/09/2009
(Both days inclusive)

* **Listing on Stock Exchange** : - The National Stock Exchange of India Limited (NSE)
- Bombay Stock Exchange Ltd.(BSE)



The Company has paid the Annual Listing fees to the Stock Exchanges for the financial year 2009-2010.

*** Stock Code**

The National Stock Exchange of India (NSE) : ShahAlloys
Bombay Stock Exchange Ltd. : 513436
Demat ISIN No. for NSDL and CDS : INE 640C01011
Monthly Highs and Lows for the period April 2008 to March 2009.

| NATIONAL STOCK EXCHANGE OF INDIA LTD. (NSE) | | |
|--|-------------|------------|
| | HIGH | LOW |
| APRIL 2008 | 46.75 | 40.85 |
| MAY 2008 | 45.95 | 38.50 |
| JUNE 2008 | 50.00 | 41.00 |
| JULY 2008 | 48.55 | 39.85 |
| AUGUST 2008 | 48.00 | 36.35 |
| SEPTEMBER 2008 | 39.40 | 24.20 |
| OCTOBER 2008 | 28.90 | 12.75 |
| NOVEMBER 2008 | 15.70 | 11.00 |
| DECEMBER 2008 | 14.25 | 11.60 |
| JANUARY 2009 | 15.20 | 12.60 |
| FEBRUARY 2009 | 13.65 | 11.70 |
| MARCH 2009 | 13.75 | 11.00 |

Registrars & Share Transfer Agents : Pinnacle Shares Registry Pvt. Ltd.
Near Ashoka
Mills, Naroda Road,
Ahmedabad 380 025

Share Transfer System

Transfers of shares are processed by the Share Transfer Committee called as "Investors / Shareholders Grievance Committee", which meets as and when need arise. Share transfers are registered and returned within 15 days from the date of receipt, if the relevant documents are complete in all respects.

Now, the shares shall be transferred by above referred share transfer registry as per SEBI Guideline.

The total number of shares transferred in the physical form during the year was 41500.



Distribution and Shareholding Pattern as on 31.03.2009

| No. of equity shares held | No. of Folios | % | No. Shares | % |
|--|---------------|---------------|-----------------|---------------|
| Upto 500 | 8449 | 85.78 | 1497859 | 7.57 |
| 501 – 1000 | 791 | 8.03 | 645732 | 3.26 |
| 1001 – 2000 | 303 | 3.07 | 471591 | 2.38 |
| 2001 – 3000 | 114 | 1.16 | 293900 | 1.48 |
| 3001 – 4000 | 49 | 0.50 | 177610 | 0.90 |
| 4001 – 5000 | 35 | 0.36 | 168007 | 0.85 |
| 5001 – 10000 | 49 | 0.50 | 361671 | 1.83 |
| 10001 and above | 59 | 0.60 | 16181170 | 81.73 |
| TOTAL | 9849 | 100.00 | 19797540 | 100.00 |
| No. of shareholders in physical mode | 1897 | | 607434 | 3.07 |
| No. of shareholders in electronic mode | 7952 | | 19190106 | 96.93 |

Shareholding pattern as on 31.03.2009 is as follows

| Category | No. of Shares | % |
|--------------------------------------|-----------------|---------------|
| Indian Public | 3906178 | 19.73 |
| N R I | 49892 | 0.25 |
| Nationalized Bank/ Insurance Company | 1776724 | 8.97 |
| Domestic Companies | 3336380 | 16.85 |
| Promoters | 10590370 | 53.49 |
| Directors / Relatives | 137996 | 0.70 |
| Total | 19797540 | 100.00 |

- * Dematerialisation of shares and liquidity 96.93 % of the paid-up capital has been dematerialized as on 31.03.2009.
- * Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on equity None
- * Plant Locations 2221/2222, Shah Industrial Estate, Sola-Kalol Road, Santej, Ta. Kalol, Dist. Gandhinagar
- * Shareholders correspondence should be addressed to :
 - [1] Pinnacle Shares Registry Pvt. Ltd.** Near Ashoka Mills, Naroda Road, Ahmedabad 380 025
 - [2] Regd. Office :** 5/1, Shreeji House, B/H.M.J.Library, Ashram Road, Ahmedabad – 380 006.
 - [3] Corp. Office :-** Shah Alloys Corporate House, Sola-Kalol Road, Santej, Ta. Kalol, Dist. Gandhinagar-382721

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



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

- 1) Shri K. S. Kamath was first appointed on the Board of Shah Alloys Ltd effective April 26, 2006. He is Commerce Graduate (B.Com). He is having wide experience about more than 26 years in the field of Domestic and Export Marketing. Shri K. S. Kamath does not hold any shares of the Company as on June 27, 2009. He is also not holding Directorship and Membership of Committee in other company.
- 2) Shri Yogesh N. Thaker was first appointed on the Board of Shah Alloys Ltd effective June 12, 2006. He is Science Post Graduate (M.Sc). He is having wide experience about more than 35 years.

He was with Nova Petrochemicals Ltd as President (commercial) for a period of 2 years. He rendered his services to Chiripal group of companies as an Independent Professional Director for 1 year. Shri Yogesh N. Thaker does not hold any shares of the Company as on June 27, 2009.

| Other Directorships Name of Company | Committee Memberships Name of Committee |
|---|--|
| 1) Prayog Securities Ltd. 2) Sabarmati Power Ltd | Nil |

- 3) Shri Dilip Kumar Sinha was first appointed on the Board of Shah Alloys Ltd effective December 31, 2005. He is B.A., M.A., CAIIB. He is having wide experience about more than 37 years as a Banker. Shri Dilip Kumar Sinha does not hold any shares of the Company as on June 27, 2009.

| Other Directorships Name of Company | Committee Memberships Name of Committee |
|--|--|
| 1) Parental Druges (I) Ltd | Nil |



DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchange, all Board Members and Senior Management Personnel have affirmed compliance with code of conduct.

For, **Shah Alloys Limited**

Place: Ahmedabad
Date: 27-06-2009

B. S. Rawat
Jt. Managing Director

CERTIFICATE

To,

The Members of Shah Alloys Limited

We have examined the compliance of the conditions of Corporate Governance by Shah Alloys Limited for the year ended 31st March, 2009 as stipulated in clause 49 of the listing agreement of the Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement. We state that in respect of investor grievances received during the year ended 31st March, 2009 no investor grievances are pending against the company for the period exceeding one month, as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS

PLACE : Ahmedabad
DATE : 27.06.2009

PARTNER
M. No. 40230



Chief Financial Officer (CFO) Certification.

I, Yashpal Mehta, Chief Financial Officer of Shah Alloys Limited, to the best of my knowledge and belief, certify that;

- 1) I have reviewed the balance sheet as at 31st March, 2009 and profit & loss account, and all its schedules and notes on accounts, as well as the cash flow statements and the director's report.
- 2) Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statement that might be misleading.
- 3) Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flow of the Company as of, and for, the periods presented in this report and are in compliance with the existing accounting standards and /or applicable laws and regulations.
- 4) To the best of my knowledge and belief, no transactions entered into by the company during the aforesaid period are fraudulent, illegal or violative of the company's code of conduct.
- 5) I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financials reporting for the company, and I have
 - i) evaluated the effectiveness of the Company's disclosure, controls, and procedures over financial reporting; and
 - ii) disclosed in this report any change in company's internal control over financial reporting that occurred during the company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the company's internal control over financial reporting.
- 6) I have disclosed based on my most recent evaluation wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors,
 - i) All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process summarize and report financial data and have identified for the company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
 - ii) Significant changes in internal controls during the period covered by this report, if any;
 - iii) All significant changes in accounting policies during the period, if any and that the same have been disclosed in the notes to the financial statements.
 - iv) No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the company's internal controls systems.
- 7) We further declare that all board members and senior management personnel have affirmed compliance with the code of conduct during the year under review.

Place:-Ahmedabad
Date:- 27th June, 2009

Yashpal Mehta
Chief Financial Officer



ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

(a) Energy conversion measures taken :-

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

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

Your Company is highly power intensive industry and power is the basic requirements of manufacturing process. The company is constantly taking measures to reduce the cost per unit for power consumption.

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

The Company is operating 45 MW Captive Power Plant in parallel with GEB greed and with the consumption of own power, your Company saves Substantial amount in comparison to GEB rates.

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

| (I) | Power and Fuel Consumption: | 31.03.2009 | 31.03.2008 |
|-----|---|--------------------------------|--------------------------------|
| 1. | Electricity | | |
| a. | Purchased Unit (kwh) Total Amount Rate / Unit (Rs.) | 107571251 619006761 5.75 | 78827529 391471036 4.97 |
| b. | Own Generation | | |
| i) | Through Diesel Generator Unit (kwh) Units per Ltr. of Diesel Oil Cost / Unit (Rs.) | 54656405 3.51 4.95 | 137212834 4.64 3.66 |
| ii) | Through Steam Turbine / Generator Unit (MHW) Units per kg. of lignite Cost of Lignite / Unit (Rs.) | NIL NIL NIL | NIL NIL NIL |
| 2. | Coal (Including Coal Fines) Quantity (Tonnes) Total Cost (Rs.) Average Rate (Rs.) | NIL NIL NIL | NIL NIL NIL |
| 3. | Furnace Oil (Used in the generation of power) Quantity (K Liters.) Total amount (Rs.) Average Rate (Rs.) | 15578095 287814742 18.48 | 29548758 501915197 16.98 |
| 4. | Others Lignite (Used in the generation of steam) Quantity (Tonnes) Total Cost (Rs. Lakhs) Rate / Unit (Rs.) | NIL NIL NIL | NIL NIL NIL |



| (II) | CONSUMPTION PER M.T. OF PRODUCTION: | 31.03.2009 | 31.03.2008 |
|-------------|---|-------------------|-------------------|
| | Particulars of Product | | |
| | Electricity (in unit) | 1279 | 1211 |
| | Furnace Oil | NIL | NIL |
| | Coal (Specify quality) | NIL | NIL |
| | Others | NIL | NIL |
| B. | TECHNOLOGY ABSORPTION: | | |
| (I) | Research and Development (R & D) | | |
| | 1. Specific areas in which R&D carried out by the company. | NIL | NIL |
| | 2. Benefits derived as a result of the above R&D | NIL | NIL |
| | 3. Future plan of action: | NIL | NIL |
| | a) Capital | | |
| | b) Recurring | | |
| | c) Total | | |
| | d) Total R&D expenditure as a percentage of total turnover | | |
| (II) | Technology absorption, adaptation: | | |
| | The research and development & innovation activities have not been carried out by the company. | NIL | NIL |
| | 1. Efforts, in brief, made towards technology absorption, adaptation and innovation. | NIL | NIL |
| | 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc. | NIL | NIL |
| | 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: | NIL | NIL |
| | a) Technology imported | | |
| | b) Year of import | | |
| | c) Has technology has been fully absorbed | | |
| | d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action. | | |

FOREIGN EXCHANGE EARNINGS AND OUTGO:

| 1) EARNINGS & OUT GO | Rs. In Crores | |
|---------------------------------|----------------------|-------------------|
| | 31.03.2009 | 31.03.2008 |
| a) Foreign Exchange Earnings: | 47.65 | 163.60 |
| b) Foreign Exchange Out Go: | 51.27 | 112.87 |

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

For and on Behalf of the Board

**Place: Ahmedabad
Date: 27th June, 2009**

**(RAJENDRA V. SHAH)
Chairman**



AUDITORS' REPORT

To

**The Members
M/S. SHAH ALLOYS LTD.
AHMEDABAD**

- 1) We have audited the attached Balance Sheet of **M/s SHAH ALLOYS LIMITED** as at 31st March 2009, and the Profit and Loss A/c and also the Cash-flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan & 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 & disclosures in the financial statements. An audit also includes assessing the accounting principles used & significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the companies (Auditor's Report) order 2003 and the Companies (Auditors Report) (Amendment) Order,2004 issued by the Central Government of India in terms of sub-section(4A) of Section 227 of the companies Act 1956, we annex here to a statement on the matters specified in paragraphs 4 &5 of the said order to the extent applicable.
- 4) Further to our comments in the Annexure referred to in paragraph-3 above, we report as under: -
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by Law have been kept by the Company so far as appears from our examination of the books.
 - (c) The Balance Sheet and the Profit and Loss Account & Cash flow statement dealt with by this report are in agreement with the books of account.
 - (d) *In our opinion the Balance Sheet, Profit & Loss Account & Cash Flow Statement comply with Accounting Standards referred to in section 211(3C) of the Companies Act, 1956 subject to note number 9 of Schedule 22 due to which the loss for the year has been understated by Rs. 21.38 Crores and inventories has been over stated to that extent.*
 - (e) On the basis of the written representations received from the directors, as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on March, 31 2009 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India. :-



SHAH ALLOYS LIMITED

- i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2009 and
- ii) In the case of the profit and loss account, of the Loss of the company for the year ended on that date and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

**FOR TALATI & TALATI
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD
DATE: - 27.06.2009**

**Hiten Parikh
PARTNER
M.No 40230**

**Umesh Talati
PARTNER
M.No 34834**



ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph 3 of our report of even date

- i)**
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) As explained to us, a major portion of the fixed assets has been physically verified by the management during the year in accordance with a phased program of verification adopted by the company. In our opinion, the frequency of verification is reasonable having regard to the size of the company & nature of its assets. As informed to us, no material discrepancies were noticed on such physical verification.
 - c) According to the information and explanations given to us, Fixed Assets disposed off during the year were not substantial & therefore do not affect the Going Concern assumption.
- ii)**
- a) As explained to us, inventories were physically verified by the management at reasonable intervals during the year.
 - b) In our opinion & according to the information & explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable & adequate in relation to the size of the company & nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the Physical stocks and the book records were dealt with in the books of accounts (Refer Note No 9 of Schedule 22).
- iii)** In respect of Loans secured or unsecured , granted or taken by company to/from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
- a) During the year Company has not granted loan to any parties covered under the register maintained under section 301 of the companies Act, 1956. However Rs. 15.00 crore has been repaid by SAL Steel Ltd.(Closing Balance Rs 80.00 Crore) [Maximum Balance during the year was Rs 95.00 Crores].
 - b) In our opinion and according to the information and explanations given to us, the other terms and conditions of the unsecured loan granted by the company are prima facie not prejudicial to the interest of the company.
 - c) On the basis of information and explanation given to us and on the basis of records produced in respect of loans given by the company, the repayment of the said loan has been fixed by the Corporate Debt Restructuring (CDR) cell and thus principal amount of Rs 80.00 Crores is not due for repayment as at 31st March, 2009.
 - d) According to the information & explanations given to us, the Company has not taken any loans secured or unsecured from the companies, firms or other parties covered under the register maintained under section 301 of the Companies Act, 1956. and hence sub clause e, f & g of clause 4(iii) are not applicable.
- iv)** In our opinion & according to the information & explanations given to us, there are adequate internal control systems commensurate with the size of the company & nature of its business for the purchase of inventory, fixed assets & also for the sales of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls systems.



- v) a) In our opinion and according to the information & explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under section 301 of the Companies Act, 1956.
- b) In our opinion, and according to information and explanation given to us, the transactions of Purchase of goods, and materials and Sale of goods, materials, Fixed Assets and Services made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and aggregating during the year to Rupees Five lacs or more in respect of each party, have been made at prices which are reasonable, having regard to the prevailing market prices for such Goods, Materials, Fixed assets & Services or the prices at which the transactions for similar Goods, Materials, Fixed Assets & Services have been made with other parties.
- vi) In our opinion and according to information & explanation given to us, company has complied with the provisions of Section 58A, 58AA of the Companies Act, 1956 and the rules framed there under.
- vii) The company has its own internal audit department and in our opinion, the internal audit system of the company is commensurate with its size & nature of its business. However, reviewing to its nature, size and extent, the same is required to be strengthened.
- viii) The Central Government has prescribed maintenance of Cost records under Section 209 (I) (d) of the Companies Act, 1956. On the basis of report received from the practicing cost accountant, appointed by the Company we are of the opinion that the Company has prima facie maintained prescribed records & accounts. We have however not made a detailed examination of the same.
- ix) a) *According to the records of undisputed Statutory dues including provident fund, employees State Insurance, Income-tax, Wealth-tax, Service Tax, Sales-tax Customs duties, excise duty, cess and other statutory dues have not been regularly deposited during the year with the appropriate authorities. On the basis of records produced before us for our verification and according to the information & explanation given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2009 for a period of more than six months from the date of becoming payable.*
- b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed Income Tax, Sales Tax, Customs and Service Tax dues aggregating to Rs 494.56/-lacs (Net of Payments) that have not been deposited as on 31st March, 2009 on account of matters pending before appropriate authorities, the details of which are as under.

| Sr. No | Nature of the Dues | Financial Year to Which the matter relates | Forum where the Matter is pending | Amount (Rs. in Lacs) (Net of Payments) |
|---------------|---------------------------|---|--|---|
| 1 | Income Tax | 1996-97 | ITAT, A' bad | 30.40 |
| 2 | Income Tax | 2002-03 | ITAT, A' bad | 57.15 |
| 3 | Income Tax | 2003-04 | ITAT, A' bad | 217.52 |
| 4 | Income Tax | 2004-05 | CIT (A) -XIV, A' bad | 139.57 |
| 5 | Income Tax | 1997-98 | Gujarat High Court | 1.30 |
| 6 | Sales Tax | 1995-96 | DC of Sales Tax (Tribunal) Ahmedabad | 6.99 |
| 7 | Service Tax | 2006-07 & 2007-08 | CESTAT, Ahmedabad | 41.63 |



- x) The company's accumulated losses at the end of financial year are more than fifty percent of its net worth. It has incurred cash losses amounting to Rs.12196.32 lacs during the current year and the company has incurred Rs. 14897.70 lacs cash losses in the immediately preceding previous year.
- xi) During the period under review, the company is not required to make any payment of installment and interest on its term loan and non convertible debenture as per restructuring package given under CDR Mechanism by the banks & financial Institution. On the basis of information and explanation given to us and on the basis of records produced, consequent upon the sanction of restructuring package, there are no defaults in respect of loan sanctioned by banks / institutions and debenture holders as at 31.3.2009.
- xii) In our opinion & according to the information & explanation given to us, no loans & advances have been granted by the company on the basis of security by way of pledge of shares, debentures & other securities.
- xiii) In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund/ society.
- xiv) According to the information & explanations given to us, the company is not dealing or trading in shares, securities debentures & other investments.
- xv) In our opinion, the terms & conditions on which the company has given guarantee for loans taken by others from Banks or financial institutions are prima facie, not prejudicial to the interest of the company.
- xvi) The company has not raised any term loan during the year.
- xvii) According to the information and explanations given to us and on an overall examination of the Balance sheet of the Company and after placing reliance on the reasonable assumptions made by the company, fund raised on short term basis to the extent of Rs. 4.57 crores have been used for long term purpose.
- xviii) During the period covered under audit report, the company has not made any preferential allotment of shares to the parities and Companies covered in the register maintained under section 301 of the Act.
- xix) During the period covered under audit report, the company has not issued any debentures accordingly the provisions of clause (xix) of the Companies (Auditors Report) Order, 2003 are not applicable to the company.
- xx) During the period covered under audit report, the company has not raised any money by way of public issue during the year.
- xxi) According to the information & explanations given to us, no fraud on or by the company has been noticed or reported during the course of our Audit.

**FOR PARIKH & MAJMUDAR
CHARTERED ACCOUNTANTS**

**FOR TALATI & TALATI
CHARTERED ACCOUNTANTS**

**PLACE : AHMEDABAD
DATE: - 27.06.2009**

**Hiten Parikh
PARTNER
M.No 40230**

**Umesh Talati
PARTNER
M.No 34834**

**SHAH ALLOYS LIMITED****BALANCE SHEET AS AT 31st March 2009**

| | Schedule | As at 31-3-2009 Rupees | As at 31-3-2009 Rupees | As at 31-3-2008 Rupees | As at 31-3-2008 Rupees |
|---------------------------------|---|------------------------------|------------------------------|------------------------------|------------------------------|
| (A) SOURCES OF FUNDS | | | | | |
| 1 | Shareholders' Funds | | | | |
| | a) Share Capital | 197,975,400 | | 197,975,400 | |
| | b) Reserves and Surplus | 773,393,895 | 971,369,295 | 1,100,680,538 | 1,298,655,938 |
| 2 | Loan Funds | | | | |
| | a) Secured Loans | 6,211,832,333 | | 5,640,280,565 | |
| | b) Unsecured Loans | 953,671,240 | 7,165,503,573 | 727,184,120 | 6,367,464,685 |
| | | | 8,136,872,868 | | 7,666,120,623 |
| (B) APPLICATION OF FUNDS | | | | | |
| 1 | Fixed Assets | | | | |
| | a) Gross Block | 5,559,393,567 | | 4,882,761,873 | |
| | b) Less : Depreciation | 1,820,418,317 | | 1,473,947,120 | |
| | Net Block | 3,738,975,250 | | 3,408,814,753 | |
| | c) Capital work-in-progress | 158,004,288 | 3,896,979,538 | 791,394,410 | 4,200,209,163 |
| 2 | Investments | | 399,506,276 | | 399,506,276 |
| 3 | Deferred Tax Assets (Refer note No. 22 of Sch-22) | | 790,862,580 | | 262,219,058 |
| 4 | Current Assets & Loans & Advances | | | | |
| | a) Inventories | 1,852,963,392 | | 1,507,271,433 | |
| | b) Sundry Debtors | 679,572,175 | | 409,627,849 | |
| | c) Cash & Bank Balances | 186,387,880 | | 232,526,041 | |
| | d) Other current Assets | 5,389,220 | | 3,810,150 | |
| | e) Loans & Advances | 1,145,096,496 | | 1,557,782,509 | |
| | | 3,869,409,163 | | 3,711,017,982 | |
| | Less : Current Liabilities & Provisions | | | | |
| | a) Current Liabilities | 1,578,092,090 | | 895,776,524 | |
| | b) Provisions | 19,956,720 | | 17,971,789 | |
| | | 1,598,048,810 | | 913,748,313 | |
| | Net Current Assets | | 2,271,360,353 | | 2,797,269,669 |
| 5 | Miscellaneous Expenditures [to the extent not written off or adjusted] | | 4,270,941 | | 6,916,457 |
| 6 | Profit & Loss Account | | 773,893,180 | | 0 |
| | | | 8,136,872,868 | | 7,666,120,623 |
| Significant Accounting Policies | | | | | |
| Notes forming part of Accounts | | | | | |

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

For Shah Alloys Limited

As per our report of even date attached

For PARIKH & MAJMUDAR
Chartered Accountants

For Talati & Talati
Chartered Accountants

Shri Rajendra V. Shah

Chairman

Shri Ashok Sharma

Whole Time Director

Shri Bhagwant Singh Rawat

Jt. Managing Director

Shri K.S. Kamath.

Director (Marketing & Logistic)

Hiten Parikh

Partner
M. No. 40230

Umesh Talati

Partner
M.No. 34834

Place : Ahmedabad
Date : 27-06-2009

Kirit Kanjaria
Company Secretary



Profit And Loss Account For The Year Ended On 31st March 2009

| | Schedule | Year Ended on 31-3-2009 Rupees | Year Ended on 31-3-2009 Rupees | Year Ended on 31-3-2008 Rupees | Year Ended on 31-3-2008 Rupees |
|---------------------------|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| (A) INCOME | | | | | |
| 1 | Gross Revenue from operations | 16 | 8,468,464,174 | 10,160,311,147 | |
| | Less :- Excise Duty | | 889,855,703 | 1,127,744,489 | |
| | Net Revenue from operation | | 7,578,608,471 | 9,032,566,658 | |
| 2 | Increase / (Decrease) in Stocks | 17 | 106,919,630 | (457,915,608) | |
| 3 | Other Income | 18 | 58,932,108 | 130,521,070 | |
| | TOTAL :- | | 7,744,460,209 | 8,705,172,120 | |
| (B) EXPENDITURE | | | | | |
| 1 | Material consumed | 19 | 6,160,467,062 | 7,039,341,114 | |
| 2 | Manufacturing & Other Exps. | 20 | 2,248,222,627 | 2,587,324,303 | |
| 3 | Interest & Finance Charges | 21 | 751,619,205 | 552,263,525 | |
| | TOTAL :- | | 9,160,308,894 | 10,178,928,942 | |
| (C) | Net Profit / (Loss) before Dep. and Taxation | | (1,415,848,685) | (1,473,756,822) | |
| (D) | Depreciation | | 347,652,990 | 317,463,470 | |
| (E) | Profit / (Loss) before Taxation | | (1,763,501,675) | (1,791,220,292) | |
| (F) | Provision for Taxation - Current Tax | | - | - | |
| | - FBT | | 1,197,516 | 1,208,294 | |
| | - Deferred Tax | | (528,643,522) | (605,985,061) | |
| | Short prov. of I. Tax for earlier year W.O/ (W.B) | | - | 2,349,938 | |
| | | | (527,446,006) | (602,426,829) | |
| (G) | Profit / (Loss) after Tax | | (1,236,055,669) | (1,188,793,463) | |
| (H) | Less : Prior period adjustments [Refer Note No. 17 of Sch. 22] | | 17,632,095 | 15,711,364 | |
| (I) | Profit / (Loss) before extra ordinary item. | | (1,253,687,764) | (1,204,504,827) | |
| (J) | Add : Extraordinary item. (Refer Note No 9 of Sch 22) | | 213,847,854 | - | |
| | Profit / (Loss) after extra ordinary item. | | (1,039,839,910) | (1,204,504,827) | |
| (K) | Bal. brought forward from Previous Year | | 85,046,930 | 1,466,389,625 | |
| | TOTAL :- | | (954,792,980) | 261,884,798 | |
| (L) Appropriations | | | | | |
| | Proposed Dividend written back | | - | (19,797,540) | |
| | Corporate Dividend Tax written back | | - | (3,364,592) | |
| | Debenture Redemption Reserve | | - | 200,000,000 | |
| | Balance Carried to Balance Sheet | | (954,792,980) | 85,046,930 | |
| | | | (954,792,980) | 261,884,798 | |
| | Earning per share Basic | | (63.33) | (60.84) | |
| | Earning per share Diluted. | | (63.33) | (60.84) | |
| | (Nominal Value of Rs. 10 each) (P.Y. Rs. 10 each) (Refer Note No. 21 of Sch 22) | | | | |
| | Significant Accounting Policies | | | | |
| | Notes forming part of Accounts | 22 | | | |

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

As per our report of even date attached

For PARIKH & MAJMUDAR
Chartered Accountants

For Talati & Talati
Chartered Accountants

Hiten Parikh
Partner
M. No. 40230

Place : Ahmedabad
Date : 27-06-2009

Umesh Talati
Partner
M.No. 34834

Kirit Kanjaria
Company Secretary

For Shah Alloys Limited

Shri Rajendra V. Shah

Chairman

Shri Ashok Sharma

Whole Time Director

Shri Bhagwant Singh Rawat

Jt. Managing Director

Shri K.S. Kamath.

Director (Marketing & Logistic)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009 (Pursuant to the listing Agreement with Stock Exchange)

| | 2008-2009 | | 2007-2008 | |
|---|---------------|-----------------|-----------------|-----------------|
| | Rupees | Rupees | Rupees | Rupees |
| A CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| Net Profit (Loss) before Tax and Extraordinary items | | (1,763,501,675) | | (1,791,220,292) |
| Adjustments for : | | | | |
| Depreciation | 347,652,990 | | 317,463,470 | |
| Misc. Expenses w/o | 2,645,516 | | 2,645,516 | |
| Provision for doubtful debt | 11,788,938 | | - | |
| Interest expenses (Net) | 751,619,205 | | 522,921,404 | |
| (Profit)/loss on sale of Fixed assets | 505,015 | | (315,426) | |
| (Profit)/loss on sale of shares | - | | - | |
| Dividend Income | - | | - | |
| Interest Income | (10,304,178) | | (29,342,121) | |
| | | 1,103,907,486 | | 813,372,843 |
| Operating Profit Before Working Capital Changes | | (659,594,189) | | (977,847,449) |
| Adjustments for : | | | | |
| Trade and other receivables | (19,047,250) | | 590,866,932 | |
| Inventories | (345,691,959) | | 629,891,289 | |
| Trade Payable | 684,300,497 | 319,561,288 | (1,989,740,992) | (768,982,771) |
| Cash Generated From Operations | | (340,032,901) | | (1,746,830,220) |
| Direct Taxes Payable | (1,197,516) | (1,197,516) | (3,558,232) | (3,558,232) |
| Cash Flow Before Extraordinary Items | | (341,230,417) | | (1,750,388,452) |
| Prior period & extra ordinary adjustments | | 196,215,759 | | (15,711,364) |
| Net Cash from Operating Activities | | (145,014,658) | | (1,766,099,816) |
| B CASH FLOW FROM INVESTING ACTIVITIES: | | | | |
| Purchase of Fixed Assets (Net of Cenvat benefit & including Pre-operative Exps. WIP Cap. Advance) | (45,728,380) | | (264,189,232) | |
| amount received back from sal steel ltd. - Inter corporate deposit | 150,000,000 | | 5,626,934 | |
| Investment in shares of SAL Steel Ltd. | - | | (318,584) | |
| sale of shares | - | | - | |
| Sale of Fixed Assets | 799,999 | | 1,325,800 | |
| Interest Income | 8,725,108 | | 32,457,535 | |
| | | 113,796,727 | | (225,097,547) |
| Net Cash Used in Investing Activities | | 113,796,727 | | (225,097,547) |



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2009
(Pursuant to the listing Agreement with Stock Exchange)

| | 2008-2009 | | 2007-2008 | |
|--|---------------|---------------------|---------------|----------------------|
| | Rupees | Rupees | Rupees | Rupees |
| C CASH FLOW FROM FINANCING ACTIVITIES: | | | | |
| Proceeds from issue of shares | - | | - | |
| Proceeds from Long term Borrowings (Net of repayments) | 380,159,172 | | 2,212,968,816 | |
| Proceeds from Bank/ FIS borrowings for Working Capital. | 114,462,197 | | 267,804,640 | |
| Proceeds from Unsecured Borrowings (Net of repayments) | 128,707,022 | | (218,450,000) | |
| Repayment of sales tax defferment loan | (24,899,728) | | (7,500,569) | |
| Deferred payment credits against vehicles (Net of repayments) | (3,069,622) | | (2,942,867) | |
| Dividend paid | - | | - | |
| Dividend tax | - | | - | |
| Interest Paid | (610,279,271) | (14,920,230) | (491,295,852) | 1,760,584,167 |
| Net Cash Generated in Financing Activities | | (14,920,230) | | 1,760,584,167 |
| Net Increase in Cash and Equivalent. | | (46,138,161) | | (230,613,197) |
| Cash And Cash Equivalents as at the Beginning of the year | | 232,526,041 | | 463,139,238 |
| Cash And Cash Equivalents as at the Closing of the year | | 186,387,880 | | 232,526,041 |

As per our report of even date attached

For PARIKH & MAJMUDAR
Chartered Accountants

For, Talati & Talati
Chartered Accountants

For Shah Alloys Limited

Shri Rajendra V. Shah

Chairman

Shri Ashok Sharma

Whole Time Director

Shri Bhagwant Singh Rawat

Jt. Managing Director

Shri K.S. Kamath.

Director (Marketing & Logistic)

Hiten Parikh

Partner
M. No. 40230

Umesh Talati

Partner
M.No. 34834

Place : Ahmedabad
Date : 27-06-2009

Kirit Kanjaria
Company Secretary

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

| | As at 31.03.2009 (Rupees) | As at 31.03.2008 (Rupees) |
|---|--------------------------------------|--------------------------------------|
| SCHEDULE :- 1 SHARE CAPITAL | | |
| Authorised Capital | | |
| 35000000 [P.Y. 35000000] Equity Shares of Rs/- 10 each | 350,000,000 | 350,000,000 |
| Issued subscribed & paid-up Capital | | |
| 19797540 [P.Y. 19797540] Equity Shares of Rs 10/- each fully paid up | 197,975,400 | 197,975,400 |
| TOTAL :- | <u>197,975,400</u> | <u>197,975,400</u> |
| NOTE: Paid up Capital includes: 20 [P.Y. 20] Equity shares of Rs 10/- each issued on amalgamation of erstwhile company M/s Shah Steel & Industrial Gases Ltd. 8910020 [P.Y. 8910020] Equity shares of Rs 10/- each fully paid up issued bonus shares by capitalisation of reserve. | | |
| SCHEDULE :- 2 RESERVES & SURPLUS | | |
| i) Capital Reserve | 500 | 500 |
| ii) Security Premium | | |
| Opening Balance | 234,733,308 | 266,897,211 |
| Less : FCCB Premium (Ref Note No 7 of Schedule 22) | <u>61,339,913</u> | <u>32,163,903</u> |
| | <u>173,393,395</u> | <u>234,733,308</u> |
| iii) Debenture Redemption Reserve | | |
| Opening Balance | 600,000,000 | 400,000,000 |
| Add : Transfer from Profit & Loss account | <u>0</u> | <u>200,000,000</u> |
| | <u>600,000,000</u> | <u>600,000,000</u> |
| iv) General Reserve - as per last Balance Sheet | 180,899,800 | 180,899,800 |
| Less:Debit Balance in Profit and Loss Account deducted | <u>180,899,800</u> | <u>0</u> |
| | <u>0</u> | <u>180,899,800</u> |
| v) Surplus in Profit & Loss Account | <u>0</u> | <u>85,046,930</u> |
| TOTAL :- | <u>773,393,895</u> | <u>1,100,680,538</u> |
| SCHEDULE :- 3 SECURED LOANS | | |
| A) Non Convertible Debenture | 1,000,000,000 | 1,000,000,000 |
| Add : Interest on NCD | <u>151,854,925</u> | <u>71,854,904</u> |
| | <u>1,151,854,925</u> | <u>1,071,854,904</u> |
| B) From Banks : | | |
| i) Term Loans | | |
| Rupee Term Loans | 1,458,298,185 | 1,403,728,006 |
| Working Capital Term Loan | 1,804,661,306 | 1,778,265,205 |
| Funded Interest Term Loan | 511,822,382 | 179,091,852 |
| FCNR Term Loans | 58,943,242 | 92,480,880 |
| ii) Working Capital Facilities | | |
| Cash Credit Facilities | 1,160,033,159 | 967,019,990 |
| FCNR Working Capital Facilities | <u>0</u> | <u>78,550,972</u> |
| C) From Financial Institution : | | |
| Term Loans | 64,278,000 | 64,278,000 |
| D) Others : | | |
| Vehicles acquired under the hire purchase scheme are secured against vehicles acquired under the hire purchase agreement [Refer Note No. 13 of Sch. 22] | 1,941,134 | 5,010,756 |
| TOTAL :- | <u>6,211,832,333</u> | <u>5,640,280,565</u> |



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at 31.03.2009 (Rupees) | As at 31.03.2008 (Rupees) |
|---|------------------------------|------------------------------|
| SCHEDULE :- 4 UNSECURED LOANS | | |
| - Deposits | 232,500,000 | 150,000,000 |
| - From Directors | 7,121,787 | 9,374,852 |
| - Deferred Payment Liability in respect of Sales Tax. | 92,098,517 | 116,998,245 |
| Foreign Currency Convertible Bond (Zero Coupon) | 509,500,000 | 399,700,000 |
| Premium payable on FCCB (maturity date 22-09-2011) | 112,450,936 | 51,111,023 |
| 100 Zero Coupon Foreign Currency Convertible Bonds of \$ 100000 Each issued on 15-09-2006 | | |
| (a) Redeemable on maturity date 22-09-2011 at 148.255% of its principal amount in cash if not redeemed or converted earlier. | | |
| (b) Convertible by the holders at any time on or after 20-09-2006 but prior to close of business on 08-09-2011. | | |
| TOTAL :- | <u>953,671,240</u> | <u>727,184,120</u> |
| SCHEDULE :- 6 INVESTMENTS | | |
| Long term trade investment (Quoted) - At Cost | | |
| 30256989 (P.Y. 30256989) Equity Shares of S.A.L Steel Ltd of Rs. 10/- each fully paid up. | 399,496,276 | 399,496,276 |
| Long term non trade investment (Unquoted) - At Cost | | |
| National Saving Certificate | 10,000 | 10,000 |
| TOTAL :- | <u>399,506,276</u> | <u>399,506,276</u> |
| Notes: | | |
| A) Market Value of quoted investments as at 31-03-09 Rs 1906.19 Lacs (P.Y Rs 5158.82 Lacs) | | |
| B) Since all quoted investments are considered as long term investment any diminution in value of any share is considered to be of a temporary nature & is therefore not provided for. | | |
| SCHEDULE :- 7 INVENTORIES | | |
| (As taken Valued & Certified by Director) | | |
| (at lower of cost or net realisable value) | | |
| Stores & Spares | 552,586,614 | 310,470,087 |
| Raw materials | 293,192,397 | 296,397,136 |
| [Incl. Goods in transit Rs.211.41 Lacs (P.Y. 460.50 Lacs)] | | |
| Finished Goods | 695,374,744 | 762,862,323 |
| [Incl. Goods lying with Third Party Rs.538.63 Lacs (P.Y Rs. 208.28 Lacs) and lying at Port Rs 177.93 Lacs (P.Y. Rs. 55.06 Lacs)] | | |
| Semi-finished Goods | 305,194,779 | 130,787,570 |
| [Incl. Goods lying with third Party Rs 53.72 Lacs (P.Y Rs. 245.84 Lacs)] | | |
| Medicine stock | 6,614,858 | 6,754,317 |
| TOTAL :- | <u>1,852,963,392</u> | <u>1,507,271,433</u> |

SCHEDULE :- 5 FIXED ASSETS



Schedules Forming Part of The Balance Sheet

| Sr. No. | Particulars of Assets | GROSS BLOCK (AT COST) | | | | DEPRECEIATION | | | | NET BLOCK | |
|---------|--------------------------|--------------------------------------|-------------------------------|--|--------------------------------------|--------------------------------------|--------------------|--|--------------------------------------|----------------------|----------------------|
| | | Opening Balance as at 01-04-2008 Rs. | Additions During the Year Rs. | Sales/ Adjustments During the Year Rs. | Closing Balance as at 31-03-2009 Rs. | Opening Balance as at 01-04-2008 Rs. | For the Year Rs. | Sales/ Adjustments During the Year Rs. | Closing Balance as at 31-03-2009 Rs. | Asat 31-03-2009 Rs. | As at 31-3-2008 Rs. |
| 1 | Freehold Land | 30,024,773 | 12,256,880 | - | 42,281,653 | - | - | - | - | 42,281,653 | 30,024,773 |
| 2 | Factory Building | 227,672,041 | - | - | 227,672,041 | 36,491,787 | 7,367,311 | - | 43,859,098 | 183,812,943 | 191,180,254 |
| 3 | Office/Resi. Building | 33,116,753 | - | 425,000 | 32,691,753 | 148,004 | 533,161 | 21,276 | 659,889 | 32,031,864 | 32,968,749 |
| 4 | Plant and Machinery | 4,503,029,211 | 664,209,662 | - | 5,167,238,873 | 1,401,423,351 | 333,123,665 | - | 1,734,547,016 | 3,432,691,857 | 3,101,605,860 |
| 5 | Laboratory Equipments | 4,916,603 | - | - | 4,916,603 | 2,989,267 | 233,539 | - | 3,222,806 | 1,693,797 | 1,927,336 |
| 6 | Office Equipments | 19,964,122 | 1,030,180 | - | 20,994,302 | 7,830,020 | 1,368,078 | - | 9,198,098 | 11,796,204 | 12,134,102 |
| 7 | Furniture and Fixtures | 18,102,494 | 1,621,780 | - | 19,724,274 | 4,630,966 | 1,182,502 | - | 5,813,468 | 13,910,806 | 13,471,528 |
| 8 | Vehicles | 45,935,876 | - | 2,061,808 | 43,874,068 | 20,433,725 | 3,844,735 | 1,160,518 | 23,117,942 | 20,756,126 | 25,502,151 |
| | SUB-TOTAL :- | 4,882,761,873 | 679,118,502 | 2,486,808 | 5,559,393,567 | 1,473,947,120 | 347,652,991 | 1,181,794 | 1,820,418,317 | 3,738,975,250 | 3,408,814,753 |
| | Previous Year :- | 3,625,375,551 | 1,258,479,653 | 1,093,331 | 4,882,761,873 | 1,156,566,607 | 317,463,470 | 82,957 | 1,473,947,120 | 3,408,814,753 | 2,468,808,944 |
| | Capital Work-in-progress | | | | | | | | | 158,004,288 | 791,394,410 |
| | | | | | | | | | TOTAL | 3,896,979,538 | 4,200,209,163 |

Note : capital working progress includes Rs. 32103933 on account of preoperative expenses (P. Y. Rs. 95358647)



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at 31.03.2009 (Rupees) | As at 31.03.2008 (Rupees) |
|---|------------------------------|------------------------------|
| SCHEDULE :- 8 SUNDRY DEBTORS | | |
| Debts considered doubtful | 11,788,938 | 0 |
| Less : provision for claim / doubtful debt | 11,788,938 | 0 |
| Debts considered good (unsecured) | - | - |
| Debts due for a period exceeding six months | 25,177,227 | 42,373,188 |
| Other debts | 654,394,948 | 367,254,661 |
| [Refer Note No. 14 of Sch. 22] | | |
| TOTAL :- | <u>679,572,175</u> | <u>409,627,849</u> |
| SCHEDULE :- 9 CASH AND BANK BALANCES | | |
| A) Cash on Hand | 2,514,548 | 1,433,579 |
| [Including Foreign Currency on hand of Rs nil (P.Y Rs 1,78,039/-)] | | |
| B) Balance With Schedule Bank | | |
| -In Current Account | 23,511,978 | 57,491,781 |
| -In Deposit Account (Margin Money) - | 158,479,267 | 172,420,783 |
| -In EEFC Account | 777,551 | 74,062 |
| -In Dividend Account | 1,104,536 | 1,105,836 |
| TOTAL :- | <u>186,387,880</u> | <u>232,526,041</u> |
| SCHEDULE :- 10 OTHER CURRENT ASSETS (Unsecured considered good) | | |
| Interest Accrued but not due on Deposits on N.S.C. | 5,382,370 6,850 | 3,803,300 6,850 |
| TOTAL :- | <u>5,389,220</u> | <u>3,810,150</u> |
| SCHEDULE :- 11 LOANS AND ADVANCES (Unsecured considered good) | | |
| Advances recoverable in cash or in kind or for value to be received | 30,205,914 | 96,131,947 |
| Inter Corporate Deposits (To the company under the same management) | 800,000,000 | 950,000,000 |
| Deposits | 60,468,707 | 44,995,256 |
| Advances to Suppliers | 69,975,390 | 207,591,791 |
| Balance with Govt. Authorities | 142,846,416 | 224,121,755 |
| Advance Tax & TDS (Net of Provisions Rs Nil) | 41,600,069 | 34,941,760 |
| [Refer Note No. 15 of Sch.22] | | |
| TOTAL :- | <u>1,145,096,496</u> | <u>1,557,782,509</u> |
| SCHEDULE :- 12 CURRENT LIABILITIES | | |
| Sundry Creditors | | |
| - Micro Small and Medium Enterprises (Refer Note No. 10 of Sch 22) | 0 | 0 |
| - Others | 1,374,788,372 | 597,872,401 |
| Statutory Liabilities | 59,519,580 | 106,567,990 |
| Other liabilities | 39,309,242 | 21,431,626 |
| Unclaimed Dividend* | 1,014,556 | 1,015,856 |

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

| | As at 31.03.2009 (Rupees) | As at 31.03.2008 (Rupees) |
|---|--------------------------------------|--------------------------------------|
| Advances from Customers | 94,288,473 | 160,788,381 |
| Credit Balance in Current Account with Banks [Refer Note No. 16 of Sch.22] | 9,171,867 | 8,100,270 |
| TOTAL :- | <u>1,578,092,090</u> | <u>895,776,524</u> |
| * (there is no amount due to be transferred to investor education & protection fund) | | |
| SCHEDULE :- 13 PROVISIONS | | |
| For Fringe Benefit Tax (Net of Advance Tax of Rs 2,37,930/-) | 930,000 | 0 |
| For Gratuity | 13,489,845 | 12,436,304 |
| For Leave Encashment | 5,445,775 | 5,450,985 |
| For Wealth Tax | 91,100 | 84,500 |
| TOTAL :- | <u>19,956,720</u> | <u>17,971,789</u> |
| SCHEDULE :- 14 MISCELLANEOUS EXPENDITURE [To the extent not written off or adjusted] | | |
| Preliminary Expenses (Incl. Debenture issue expenses) | | |
| Opening Balance | 6,916,457 | 9,561,973 |
| Less:- Written off during the year | <u>2,645,516</u> | <u>2,645,516</u> |
| TOTAL :- | <u>4,270,941</u> | <u>6,916,457</u> |
| SCHEDULE :- 15 PROFIT AND LOSS ACCOUNT | | |
| Opening Balance | (85,046,930) | 0 |
| Loss for the year | 1,039,839,910 | 0 |
| Total Balance of Profit and Loss Account | <u>954,792,980</u> | <u>0</u> |
| Less : General Reserve | <u>180,899,800</u> | <u>0</u> |
| TOTAL :- | <u>773,893,180</u> | <u>0</u> |



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| | For the Year Ended on 31-03-2009 (Rupees) | For the Year Ended on 31-03-2008 (Rupees) |
|--|---|---|
| SCHEDULE :- 16 GROSS REVENUE FROM OPERATIONS | | |
| a) Manufacturing Sales | | |
| -Domestic | 7,810,036,248 | 8,170,162,038 |
| -Export (Including Export Incentives) | 496,634,471 | 1,779,357,708 |
| b) Electricity Distribution Income | 713,289 | 2,052,085 |
| c) Sale of Medicine | 130,898,439 | 125,944,738 |
| d) Pathology Lab | 30,181,727 | 82,794,578 |
| TOTAL | <u>8,468,464,174</u> | <u>10,160,311,147</u> |
| SCHEDULE :- 17 INCREASE/ (DECREASE) IN STOCKS | | |
| A) Closing Stocks | | |
| - Finished Goods | 695,374,744 | 762,862,323 |
| - Semi-Finished Goods | 305,194,779 | 130,787,570 |
| Sub-Total (A) :- | <u>1,000,569,523</u> | <u>893,649,893</u> |
| B) Less : Opening Stocks | | |
| - Finished Goods | 762,862,323 | 1,168,749,825 |
| - Semi-Finished Goods | 130,787,570 | 182,815,676 |
| Sub-Total (B) :- | <u>893,649,893</u> | <u>1,351,565,501</u> |
| TOTAL (A-B) :- | <u>106,919,630</u> | <u>(457,915,608)</u> |
| SCHEDULE :- 18 OTHER INCOME | | |
| Profit on Sale of Fixed Assets (Net) | 0 | 315,426 |
| Sales Tax Refund | 41,830,478 | 0 |
| Foreign Exchange Fluctuation Gain (Net) | 0 | 100,863,523 |
| Interest Income [TDS Rs.24,63,858/- (P.Y Rs 69,26,303/-)] | 10,304,178 | 29,342,121 |
| Gain on Forward Hedge Contract of Rawmaterial (Net) | 3,485,962 | 0 |
| Miscellaneous Income | 3,311,490 | 0 |
| TOTAL :- | <u>58,932,108</u> | <u>130,521,070</u> |
| SCHEDULE :- 19 MATERIAL CONSUMED | | |
| A) Raw Material : | | |
| Opening Stock | 296,397,136 | 488,359,700 |
| Purchases | 6,050,619,936 | 6,781,833,872 |
| Pathology Chemicals & Consumable Purchase | 15,733,505 | 11,274,350 |
| | <u>6,362,750,577</u> | <u>7,281,467,922</u> |
| Less: Captive consumption for Fixed Assets | 0 | 30,363,380 |
| | <u>6,362,750,577</u> | <u>7,251,104,542</u> |
| Less :Closing Stock | 293,192,397 | 296,397,136 |
| Sub Total (A) | <u>6,069,558,180</u> | <u>6,954,707,406</u> |
| B) Trading of Medicines | | |
| Opening Stock | 6,754,317 | 6,762,521 |
| Purchases | 90,769,423 | 84,625,504 |
| | <u>97,523,740</u> | <u>91,388,025</u> |
| Less: Closing Stock | 6,614,858 | 6,754,317 |
| Sub Total (B) | <u>90,908,882</u> | <u>84,633,708</u> |
| TOTAL (A+B) | <u>6,160,467,062</u> | <u>7,039,341,114</u> |

**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT**

| | For the Year Ended on 31-03-2009 (Rupees) | For the Year Ended on 31-03-2008 (Rupees) |
|---|--|--|
| SCHEDULE:- 20 MANUFACTURING & OTHER EXPENSES | | |
| A) Stores & Spares Consumed | | |
| Opening Stocks (including previous year consumption written back Rs 21,38,47,854/- (refer note no 9 of sch 22) | 524,317,941 | 290,475,000 |
| Add:- Purchases | 815,389,029 | 1,015,780,898 |
| | <u>1,339,706,970</u> | <u>1,306,255,898</u> |
| Less:- Closing Stock - | 552,586,614 | 310,470,087 |
| Sub-Total (A) :- | <u>787,120,356</u> | <u>995,785,811</u> |
| B) Power | | |
| | 896,881,165 | 888,084,864 |
| Sub-Total (B) :- | <u>896,881,165</u> | <u>888,084,864</u> |
| C) Employee's Emoluments | | |
| Salaries, Wages & Bonus | 197,817,502 | 199,980,807 |
| Contribution to Provident Fund | 8,095,367 | 7,625,793 |
| Gratuity | 3,637,486 | 2,962,097 |
| Staff Emoluments | 7,424,878 | 6,411,135 |
| Sub-Total (C) :- | <u>216,975,233</u> | <u>216,979,832</u> |
| D) Repairs & Maintenance | | |
| (1) Factory Building | 1,829,543 | 2,146,759 |
| (2) Plant & Machinery | 13,987,470 | 32,698,099 |
| (3) Others | 5,346,273 | 5,811,122 |
| Sub-Total (D):- | <u>21,163,286</u> | <u>40,655,980</u> |
| E) Other Manufacturing Expenses | | |
| Factory Labour Expenses | 82,441,304 | 81,888,361 |
| Excise Duty Provision on Closing Stock of Finished Goods (net) | (43,204,308) | (69,217,647) |
| Factory Exps. | 9,285,561 | 10,261,782 |
| Freight & Handling Charges. | 130,481,158 | 170,067,069 |
| Sub-Total (E):- | <u>179,003,715</u> | <u>192,999,565</u> |
| F) Other Expenses | | |
| Donation | 21,000 | 157,001 |
| Selling & Distribution exps. | 10,595,929 | 10,294,139 |
| Commission | 4,618,333 | 10,897,515 |
| Railway Freight | 18,678,333 | 14,396,810 |
| Freight Outward | 51,480,519 | 150,352,234 |
| Travelling conveyance & vehicle exps. | 10,366,731 | 12,549,854 |
| Legal & Professional Charges. | 10,516,717 | 11,837,926 |
| General Expenses | 6,631,449 | 6,799,982 |
| Stationary & Printing Charges. | 1,368,458 | 1,608,537 |
| Auditors' Remuneration | 1,200,000 | 1,200,000 |



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| | For the Year Ended on 31-03-2009 (Rupees) | For the Year Ended on 31-03-2008 (Rupees) |
|--|---|---|
| Postage & Telephone Exps. | 3,600,373 | 3,675,856 |
| Sales Tax Expenses | 1,924,299 | 12,790,038 |
| Misc. Expenses Written off | 2,645,516 | 2,645,516 |
| Loss on Sale / Discard of Assets | 505,015 | 0 |
| Rent, Rates & Taxes | 4,868,650 | 7,563,688 |
| Insurance Premium Charges | 2,629,276 | 5,170,613 |
| Wealth Tax | 91,100 | 82,000 |
| Provision for claim / bad debt | 11,788,938 | 0 |
| Sundry Balances Written off | 3,548,235 | 796,542 |
| Sub-Total (F):- | 147,078,871 | 252,818,251 |
| TOTAL :- (A+B+C+D+E+F) | 2,248,222,627 | 2,587,324,303 |
| SCHEDULE :- 21 INTEREST & FINANCE CHARGES | | |
| (Net of Amount transferred to Capital Expenses) | | |
| Interest on Term Loans | 322,656,947 | 188,169,330 |
| Interest on Working Capital | 139,123,647 | 188,680,017 |
| Sub Total | 461,780,594 | 376,849,347 |
| Less : Interest Refund (CDR) | 19,059,249 | 38,607,242 |
| Total Interest on Term Loan & Working Capital | 442,721,345 | 338,242,105 |
| Interest on Non Convertible Debentures | 98,000,019 | 99,106,028 |
| Foreign Exchange Fluctuation Loss (Net) | 144,591,526 | 0 |
| Other Interest & Finance Charges | 66,306,315 | 114,915,392 |
| TOTAL | 751,619,205 | 552,263,525 |

**SCHEDULE 22 : NOTES FORMING PART OF ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES****I. METHOD OF ACCOUNTING**

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

II. USE OF ESTIMATES

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

III. REVENUE RECOGNITION

Sales are stated net of rebate and trade discount and includes Central Sales Tax, State Value Added Tax. With regard to sale of products, income is reported when practically all risks and rights connected with the ownership have been transferred to the buyers. This usually occurs upon dispatch, after the price has been determined.

Export Benefits (Pass Book Credit) are accounted / recognized on accrual basis.

Interest income is recognized on accrual basis.

IV. EXCISE DUTY

Excise Duties recovered are included in the sale of products. Excise duties in respect of Finished Goods lying in stock/bonded warehouse are shown separately as an item of Other Manufacturing Expenses and included in the valuation of finished goods.

V. VALUATION OF INVENTORIES

Inventories of Raw Materials and Stores are valued at cost or net realizable value whichever is lower after considering the credit of VAT and Cenvat. Inventories of finished goods are valued at lower of cost or net realizable value, including excise duties at the applicable rates.

Cost of Finished Goods and semi finished goods are valued at lower of cost or net realizable value. Cost of finished goods are determined using the absorption costing principles. Cost includes cost of material consumed, labour and systematic allocation of fixed and variable production overheads.

VI. CASH FLOW STATEMENT

The Cash Flow Statement is prepared by the "indirect method" set out in Accounting Standard 3 on "Cash Flow Statements" and presents the cash flows by operating, investing and financing activities of the Company.

Cash and Cash equivalents presented in the Cash Flow Statement consist of cash on hand and deposits with banks.



VII. DEPRECIATION

Depreciation has been provided on Fixed Assets on Straight Line Method as per the rates specified in Schedule XIV of the Companies Act, 1956 as amended from time to time.

- i. Depreciation in respect of fixed assets [except factory building] on hand as on 31-03-1993, the specified period has been recalculated by applying the revised rates in force in terms of notification dated 16th December, 1993 issued by the Central Government and the unamortized value of fixed assets have been allocated equally over the remaining part of the recomputed specified period and on assets acquired after 31-03-1993 at the revised rates.
- ii. **(a)** Depreciation in respect of plant and machineries has been provided on the basis of triple shift working. (Except for H.R. Plate Mill, Cold Rolling Mill & Sheet Coil Project on which depreciation has been provided on single shift working on the basis of certificate received from management) Depreciation in respect of fixed assets acquired/ put to use during the year is charged on pro-rata basis with reference to the date of installation of the fixed assets.
- (b)** No Depreciation has been provided in respect of assets whose accumulated depreciation exceeds 95% of original cost.
- (c)** No Depreciation has been provided in respect of Capital Work in Progress.

VIII. FIXED ASSETS

Tangible Fixed Assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation [other than "freehold land" where no depreciation is charged] and impairment losses, if any. The acquisition value includes the purchase price (excluding refundable taxes), and expenses directly attributable to assets to bring it to the factory and in the working condition for its intended use. Where the construction or development of any such asset requiring a substantial period of time to set up for its intended use, is funded by borrowings if any, the corresponding borrowing cost are capitalized up to the date when the asset is ready for its intended use.

Capital work in progress includes cost of assets at sites, construction expenditure, for acquisition of capital assets.

Pre-operative expenditure & trial run expenditure on the Project is capitalized amongst the various heads of fixed assets on the commencement of commercial production of respective project.

IX. FOREIGN CURRENCY TRANSACTIONS

Transactions in the foreign currency which are covered by forward contracts are accounted for at the contracted rate; the difference between the forward rate and the exchange rate at the date of transaction is recognized in the profit & loss account over the life of the contract. Transactions in the foreign currency other than those covered by forward contract rates are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognized as income or expenses in the Profit and Loss Account.

Cash and bank balances, receivables and liabilities (monetary items) in foreign currencies as at the year end are translated at closing-date rates, and unrealized translation differences are included in the Profit and Loss Account.

**X. INVESTMENTS**

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

XI. EMPLOYEE BENEFIT**(a) Short Term**

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

(b) Long Term

The Company has both defined contribution and defined benefit plans. These plans are financed by the Company in the case of defined contribution plans.

(c) Defined Contribution Plans

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

(d) Defined Benefit Plans

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

(e) Other Employee Benefit

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

XII. BORROWING COST

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



XIII. EARNING PER SHARE

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

XIV. TAXATION

Income –tax expense comprises of current tax, fringe benefit tax (FBT) and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. Provision for FBT is made on the basis of fringe benefit provided / deemed to have been provided during the year at the rates and values applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets arising mainly on account of brought forward business losses, capital losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each balance sheet date, the carrying amount of deferred tax assets is reviewed to reassure realization.

XV. IMPAIRMENT OF ASSETS

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

XVI. PROVISIONS & CONTINGENCIES

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding long term benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized but are disclosed in the notes to the Financial Statements. A contingent asset is neither recognized nor disclosed.

XVII. MISCELLANEOUS EXPENDITURE

Preliminary & Share Issue expenses incurred after the financial year 1998-99 are charged to Profit & Loss account over a period of Five Years and those incurred in earlier years are charged to Profit & Loss account over a period of Ten Years.



2. (a) Estimated amount of contracts remaining to be executed on capital account [net of advances] and not provided for Rs 67.90 lacs [P.Y. Rs.341.01 lacs].
- (b) Contingent Liability/Asset not Provided for in respect of :-

| Particular | Amount (Rs in Lacs) 31-03-2009 | Amount (Rs in Lacs) 31-03-2008 |
|--|--|--|
| Inland Letters of credit. | 863.71 | 151.51 |
| Foreign Letters of credit. | 532.60 | - |
| Disputed Income Tax Demand. | 620.53 | 621.75 |
| Disputed sales tax demand. | 26.22 | 26.22 |
| Disputed service tax demand. | 41.63 | 53.29 |
| Disputed Excise Cenvat demand. | - | 92.75 |
| Disputed Custom Penalty demand | - | 266.39 |
| Corporate guarantee given to consortium Banks for SAL Steel Ltd. | 20750.00 | 20750.00 |
| Corporate guarantee given to ABN AMRO Bank for SAL Steel Ltd. | 225.00 | 225.00 |
| Corporate guarantee given to Bank for Adarsh foundation | 1000.00 | 1000.00 |
| Bank guarantee given to GEB & Others | 167.86 | 12.02 |
| Claim by Supplier (Quadrant Epp Surlon (I) Ltd.) | 2.28 | 2.28 |
| Claim by GEB | 585.00 | 129.00 |
| Corporate Guarantee given to L&T for Athiti Gokul | 22.80 | 22.80 |
| Bills Discounting | 1111.78 | 1152.24 |

3. In the opinion of the Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business and the provisions for depreciation and all known and ascertained liabilities are adequate and not in excess of the amounts reasonably necessary.
4. Expenses have been capitalized & transferred to pre-operative expenses & trial run expenses on the basis of bifurcation made by the management. This being technical matter, auditors have accepted the same as correct.
5. Corporate Debt Restructuring (CDR) Cell through their lead bank, Union Bank of India has sanctioned a comprehensive debt restructuring scheme vide their letter No. BY.CDR (ABP) No. 1084 dated 22.1.2008. As per scheme company is supposed to make monthly payment of interest & installment by 01st October 2009.



Looking to prevailing condition & losses incurred by the company in the current year, company has again approached CDR Cell for extension of moratorium period.

As informed to us, CDR Cell has approved the rework proposal of the company vide their letter dated BY.CDR (ABP) NO.318/2009-10 dated 25.06.2009. The principal terms of the 2nd CDR Scheme are as under :

- (a) Deferring repayment of Term loan (Rs 156.05 Crore), WCTL (Rs. 177.83 Crores) and Non Convertible Debentures (Rs. 100 Crores) for another 20 months, (from original due date for repayment of 01.10.2009) i.e. up to 31.05.2011. Repayment shall start from June 2011 and ending on May 2019.
 - (b) Interest for the moratorium period i.e. up to May 2011 shall be converted into FITL carrying interest rate of 6% p.a., repayable in 20 equal quarterly installments commencing from December 2013 quarter. Interest on FITL shall be serviced as and when due.
 - (c) Rate of interest on Term Loan, Non Convertible Debenture and WCTL will be 10 % p.a. for the term lenders who are presently charging more than 10 percent per annum payable monthly. Existing rates will continue for those lenders who are charging less than 10 percent per annum payable monthly and FITL will carry interest at the rate of 6 percent per annum.
 - (d) Promoters' contribution shall be 3.78 Crores to be brought in within six months time.
 - (e) Deferment in repatriation of balance ICDs of Rs. 80 crores by two years.
6. Balances of Unsecured Loans, Sundry debtors, Creditors and Loans and advances are subject to confirmation from respective parties.
 7. The Company, in September 2006 ,has raised US \$ 10 million through Unsecured Zero Coupon Foreign Currency Convertible Bonds (FCCB), due in 2011. On full conversion of FCCB, the FCCB will be converted in to 26,41,143 Equity shares of Rs 10 each at a premium of Rs 165 per share, at the option of the Bondholders at any time before the maturity of the bonds. On Conversion Capital will increase by Rs 2.64 Crores and Share Premium by Rs 43.58 Crores. If Bonds are not converted the company will have to repay the bonds at a premium & in US Dollars. The company has provided the premium for this year, which has been adjusted against Security Premium in accordance with Section 78 of Companies Act, 1956.
 8. Inventories are as taken, valued and certified by a Director.
 9. As per the practice followed by the company in the earlier years, the company use to consider stocks lying at shop floor as consumption and thereby such stocks were not considered as part of inventory valuation. The company has henceforth for better presentation and for better working considered such stocks lying at shop floor as part of inventory and consequently during the year, accordingly company has written back the consumption of stores and spares of previous years worth Rs. 21.38 Crores on the basis of physical verification of stock lying at shop floor of the factory. The same has been disclosed as an extra ordinary item in the Profit and Loss Account. Due to change in policy current year's loss is under stated to the extent of Rs.21.38 Crores and inventories have been over stated to that extent.
 10. In absence of the complete information regarding the status of the suppliers as micro small or medium enterprise as per the micro small and medium enterprise development act 2006, the information regarding the amount due to such parties as on the balance sheet date and provision for interest if any required by the said act is not been made.



- 11.** Certain balance of Debtors, Loans and Advances and Creditors are nonmoving /slow moving since long, however in view of the management same is recoverable/payable and hence no provision for the same is made in the books of accounts.
- 12.** Foreign currency exposure at the year end not hedged by derivative instruments:

| | As at 31st March 2009 |
|---|---|
| Payables against import of goods and services | |
| Rupees | 142568828 |
| US Dollar | 2783325 |
| J Yen | 1833600 |
| Advance payment to suppliers | |
| Rupees | 8080912 |
| US Dollar | 136691 |
| Pound Sterling | 2296 |
| Euro | 14099 |
| Receivables against export of goods and services | |
| Rupees | 14962507 |
| US Dollar | 293775 |
| Advance received from customers | |
| Rupees | 405562 |
| US Dollar | 7960 |
| Term Loan payables (including interest) | |
| Rupees | 58943242 |
| US Dollar | 1156872 |
| FCCB Payable (Including Interest) | |
| Rupees | 621950936 |
| US Dollar | 12207084 |



13. SECURED LOANS

| | | As at 31-3-2009 (Rupees) | As at 31-3-2008 (Rupees) |
|-------------|---|--------------------------------|--------------------------------|
| I. | Term Loan From Financial Institutions/Bank First mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Personal guarantee of the promoter-director Shri Rajendra Shah. | 3,89,80,03,115 | 3,51,78,43,943 |
| II. | Working Capital Facility from Banks Hypothecation first charges on company's entire stocks of raw material, stock in process, finished goods, book debts/ receivables and all current assets stored in the company's factory premises, at all plants and/or elsewhere including those in transit covered by documents of title thereto, local and export usance bills ranking pari-passu in favor of all the working capital banks. Second charge on the entire movable and immovable assets of the company's fixed assets both present and future on pari-passu basis. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Personal guarantee of the promoter-director Shri Rajendra Shah. | 1,16,00,33,159 | 1,04,55,70,962 |
| III. | Non Convertible Debenture First mortgage and charge on the company's all immovable and movable properties (other than working capital assets), both present and future, ranking pari-passu with all term lenders. Second charges on WC assets of the company. Pledge of promoter's entire shareholding ranking pari-passu with all CDR lenders. Personal guarantee of the promoter-director Shri Rajendra Shah. | 100,00,00,000 | 100,00,00,000 |
| 14 | Sundry debtors include dues from director & Associate Concerns in which directors of the company are interested: - Kesar SAL Hospital & Medical Inst. (Prop Adarsh Foundation) - SAL Hospital & Medical Inst. (A division of SAL Care Private limited) | 3,35,012 9,42,10,307 | 3,21,299 5,37,31,226 |



| | | As at 31-3-2009 (Rupees) | As at 31-3-2008 (Rupees) |
|------------|--|--|--|
| 15 | (A) Advance recoverable in cash or in kind includes Dues for Directors: Shri Atulbhai Pandya (M.D.) (Advance for Purchase of Land) | - | 5,00,000 |
| | (B) Inter corporate deposit include dues from Associate Concerns in which Directors are interested: SAL Steel Limited | 80,00,00,000 | 95,00,00,000 |
| | (C). Deposit include dues from Associate Concerns in which Directors are interested: Adarsh Foundation | 1,00,00,000 | 1,00,00,000 |
| 16 | Sundry Creditors Includes dues to associate concern in which directors of the Company are interested (a) SAL Steel Limited (b) SAL Hospital & Medical Inst. (Prop of SAL Care Pvt Ltd) | 36,23,27,289 2,25,540 | 15,60,86,935 2,25,540 |
| 17 | Prior Period Adjustments represents: Operating Expenses (net) | 1,76,32,095 | 1,57,11,364 |
| 18 | As per Accounting standard 15 "Employee Benefits", the disclosures of Employee Benefits in the Accounting Standard are given below:- Defined Contribution Plan:- Contribution to defined contribution plan, recognized as expense for the year is as under: | | |
| | | 2008-09 | 2007-08 |
| | Employer's Contribution to Provident Fund | 80,95,367 | 76,25,793 |
| I. | Defined Benefit Plan:- Reconciliation of opening and closing balance of Defined Benefit obligation | Gratuity (Funded) 2008-09 | Gratuity (Funded) 2007-08 |
| | Defined Benefit obligation at beginning of the year | 1,24,36,304 | 110,493,271 |
| | On amalgamation | — | — |
| | Current Service Cost | 25,86,615 | 26,55,700 |
| | Interest Cost | 9,94,904 | 8,83,946 |
| | Actuarial (gain) / loss | 55,967 | (5,77,669) |
| | Benefits paid | (25,83,945) | (15,75,000) |
| | Settlement cost | — | — |
| | Defined Benefit obligation at the year end | 1,34,89,845 | 1,24,36,304 |
| II. | Reconciliation of opening and closing balance of fair value of plan assets | | |
| | Fair value of plan assets at beginning of the year | — | — |
| | On amalgamation | — | — |
| | Expected return on plan assets | — | — |
| | Actuarial (gain) / loss | — | — |
| | Benefits paid | — | — |
| | Settlement cost | — | — |
| | Fair value of plan assets at the year end | — | — |
| | Actual return on plan assets | — | — |



| III. | Reconciliation of fair value of assets and obligations | Gratuity (Funded) As at 31st March 09 | Gratuity (Funded) As at 31st March 08 |
|---|--|--|--|
| | Fair value of plan assets Presented value obligation Amount recognized in Balance Sheet | | |
| IV. | Expense recognized during the year (Under the head "Payment to and Provisions for Employees"-Refer Schedule 19(c)) | Gratuity (Funded) 2008-09 | Gratuity (Funded) 2007-08 |
| | Current Service Cost | 25,86,615 | 26,55,700 |
| | Interest Cost | 9,94,904 | 8,83,946 |
| | Expected return on plan assets. | — | — |
| | Actuarial (gain) / loss | 55,967 | (5,77,669) |
| | Net Cost | 36,37,486 | 29,61,977 |
| V. | Investment Details : | As at 31st March,2009 | As at 31st March,2008 |
| | Public Securities | — | — |
| | Special Deposit Schemes | — | — |
| | State Govt.Securities | — | — |
| | Private Sector Securities | — | — |
| | Insurance Policies | — | — |
| | Others (including bank balances) | — | — |
| VI. | Actuarial assumptions | Gratuity (Funded) 2008-09 | Gratuity (Funded) 2007-08 |
| | Discount rate (per annum) | 7.75% | 8.00% |
| | Expected rate of return on plan assets (per annum) | 7.75% | 8.00% |
| | Rate of escalation in salary (per annum) | 6.00% | 6.00% |
| <p>The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by the actuary.</p> <p>The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets the Company's policy for the plan assets management.</p> | | | |



19. SEGMENT DISCLOSURES FOR THE YEAR ENDED 31st MARCH 2009

I. Primary Segment Business

| REVENUE | Stainless Steel Unit | | Medical Stores & Pathology Lab. Unit | | Total | |
|---|----------------------|--------------|--------------------------------------|------------|--------------|--------------|
| | 31.03.2009 | 31.03.2008 | 31.03.2009 | 31.03.2008 | 31.03.2009 | 31.03.2008 |
| Domestic | 7810749537 | 8172214123 | 159984587 | 207638305 | 7970734124 | 8379852428 |
| Export (Ind. Export Incentives) | 496634471 | 1779357708 | | 0 | 496634471 | 1779357708 |
| Total Sales | 8307384008 | 9951571831 | 159984587 | 207638305 | 8467368595 | 10159210136 |
| Add: Inter Segment Sales | 0 | 0 | 1095579 | 1101011 | 1095579 | 1101011 |
| Total Segment Revenue | 8307384008 | 9951571831 | 161080166 | 208739316 | 8468464174 | 10160311147 |
| Result | | | | | 0 | 0 |
| Segment Result | (857269873) | (1355765680) | 42803162 | 101097549 | (814466711) | (1253468131) |
| Less: | | | | | | |
| - Interest | 751619205 | 552263525 | 0 | 0 | 751619205 | 552263525 |
| - Unallocable Other Exp. | | | | | 1200000 | 1200000 |
| Profit Before Taxation | (1608889078) | (1908029205) | 42803162 | 101097549 | (1567285916) | (1806931656) |
| Income Tax | | | | | 0 | 0 |
| - Current Tax & FBT | | | | | 1197516 | 1208294 |
| - Short Prov For Earlier Year'S W/O | | | | | 0 | 2349938 |
| -Deferred Tax | | | | | (528643522) | (605985061) |
| Net Profit | | | | | (1039839910) | (1204504827) |
| Other Information | | | | | 0 | 0 |
| Segment Assets | 7993137901 | 8189285833 | 131157006 | 86505828 | 8124294908 | 8275791661 |
| Segment Liabilities | 8735724698 | 7261987758 | 22792991 | 14934116 | 8758517689 | 7276921874 |
| Capital Expenditure | 43177572 | 261467221 | 64000 | 2722011 | 43241572 | 264189232 |
| Depreciation | 347333102 | 317199571 | 319889 | 263899 | 347652991 | 317463470 |
| Non Cash Expenses other than Depreciation | 2645516 | 2645516 | 0 | 0 | 2645516 | 2645516 |

The Company has disclosed Business segment as the primary segment. Segments have been identified taking into account the nature of products, the differing risks & returns & the organization structure. The expenses, which are not directly attributable to the business segments, are shown as unallocated expenses.

II. Information about Secondary Geographical Segments:

| Particulars | Year ended 31 st March 2009 |
|---|--|
| Revenue by Geographical Segment | |
| India | 8,030,461,811 |
| Outside India | 496,634,471 |
| Addition to Fixed Assets and Intangible Assets | |
| India | 679,118,502 |
| Outside India | NIL |
| Carrying amount of Fixed Assets | |
| India | 3,738,975,250 |
| Outside India | NIL |

Notes:

1) Geographical Segments considered for disclosures are as follows :

- Sales within India includes Sales to Customers located within India.
- Sales Outside India includes Sales to Customers located outside India.

2) Revenue comprises

| | |
|--------------|---------------|
| Sales | 846,84,64,174 |
| Other income | 5,89,32,108 |

20 . RELATED PARTY DISCLOSURES (STANDARD-18)

The Company has transactions with the following related parties :

Associates : SAL Steel Ltd., Adarsh Foundation, SAL Hospital & Medical Institute (Prop. of SAL Care Pvt Ltd), Kesar SAL Hospital & Medical College (Prop: Adarsh Foundation)

Key management personnel : Shri Rajendra V Shah (Chairman), Atul P. Pandya (Managing Director upto 14-07-2008), B.S.Rawat (Jt. Managing Director w.e.f. 16-04-2008),

Summary of the transactions with the above related parties is as follows :

| Nature of Transactions | Transactions during the year 2008-09 | SAL Steel Ltd | SAL Hospital & Medical Institute | Kesar SAL Hospital & Medical College | Shri Rajendra V. Shah | Shri Rajendra V. Shah HUF | Shri Atul P Pandya | Shri B S Rawat | Balances as at 31-03-2009 |
|------------------------------|--------------------------------------|---------------|----------------------------------|--------------------------------------|-----------------------|---------------------------|--------------------|----------------|---------------------------|
| Purchase of goods | 3372562715 | 3372562715 | 0 | 0 | 0 | 0 | 0 | 0 | 362327289 |
| (P.Y. 2007-2008) | (2895189464) | (2895189464) | 0 | 0 | 0 | 0 | 0 | 0 | (156086935) |
| Purchase of Power | 141753147 | 141753147 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (P.Y. 2007-2008) | (174189225) | (174189225) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deposits Given | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 10000000 |
| (P.Y. 2007-2008) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (10000000) |
| Sales of Goods | 165028485 | 74626958 | 90209776 | 100861 | 90890 | 0 | 0 | 0 | 94545319 |
| (P.Y. 2007-2008) | (201891819) | (76164044) | (125408695) | (319080) | 0 | 0 | 0 | 0 | (54052525) |
| Receiving of services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 225540 |
| (P.Y. 2007-2008) | (103542) | 0 | (103542) | 0 | 0 | 0 | 0 | 0 | (225540) |
| Rent paid | 259600 | 240000 | 0 | 0 | 9600 | 10000 | 0 | 0 | 0 |
| (P.Y. 2007-2008) | (19600) | 0 | 0 | 0 | (9600) | (10000) | 0 | 0 | 0 |
| Loan Given | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 80000000 |
| (P.Y. 2007-2008) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (950500000) |
| Repayment of Loan(net) | 150000000 | 150000000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (P.Y. 2007-2008) | (5626934) | (5626934) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Purchase of land | 10915500 | 0 | 0 | 0 | 10915500 | 0 | 0 | 0 | 0 |
| (P.Y. 2007-2008) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loan Availed | 9000000 | 0 | 0 | 0 | 9000000 | 0 | 0 | 0 | 16121787 |
| (P.Y. 2007-2008) | (2950000) | 0 | 0 | 0 | (2950000) | 0 | 0 | 0 | (9374852) |
| Repayment of Loan Availed | 2162175 | 0 | 0 | 0 | 2162175 | 0 | 0 | 0 | 0 |
| (P.Y. 2007-2008) | (85200000) | 0 | 0 | (85200000) | 0 | 0 | 0 | 0 | 0 |
| Remuneration to Director | 2037600 | 0 | 0 | 0 | 0 | 0 | 657600 | 1380000 | 0 |
| (P.Y. 2007-2008) | (1972800) | 0 | 0 | 0 | 0 | 0 | (1972800) | 0 | 0 |
| Investment in Sal Steel Ltd. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 399496276 |
| (P.Y. 2007-2008) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (399496276) |




21. EARNING PER SHARE

| PARTICULARS | Amount in Rs. 31-3-2009 | Amount in Rs. 31-3-2008 |
|--|--|--|
| - Net Profit/(Loss) for the year | (125,36,87,764) | (120,45,04,827) |
| - Number of equity shares at the beginning of the year | 1,97,97,540 | 1,97,97,540 |
| - Number of equity shares Issued on 15-09-2006 (6.5 Month) (1977500*6.5/12) | - | - |
| - Weighted Number of equity shares for Basic EPS | 1,97,97,540 | 1,97,97,540 |
| FOR DILUTED EPS | | |
| - Adjustment for option relating to FCCB issued on 15-09-2006 46,22,00,000 / 175 = 2641143 equity shares 175 Rs. is the conversion price = 2641143 Shares (Py 2641143*6.5 / 12 = 1430619) | 26,41,143 | 26,41,143 |
| - Weighted Number of equity shares for Diluted EPS | 2,24,38,683 | 2,24,38,683 |
| - Basic Earning per Share | (63.33) | (60.84) |
| - Diluted Earning per share | (63.33)* | (60.84) |

(*) NOTE : Effect of anti dilutive shares are not considered in the determination of diluted EPS.

22. The breakup of Deferred Tax as at 31.03.2009 is as under.

| PARTICULARS | | (Amount in Rs.) 31-03-2009 | (Amount in Rs.) 31-03-2008 |
|---|-------|---------------------------------------|---------------------------------------|
| DEFERRED TAX ASSETS. | | | |
| - Unabsorbed Depreciation and Business Loss | | 106,17,83,088 | 63,67,73,228 |
| - Unabsorbed Capital Loss | | 27,569 | 27,569 |
| - Others | | 24,45,62,258 | 7,96,19,337 |
| | [A] | <u>130,63,72,915</u> | <u>71,64,20,134</u> |
| DEFERRED TAX LIABILITIES. | | | |
| - Depreciation Difference | [B] | 51,55,10,335 | 45,42,01,076 |
| NET DEFERRED TAX | [A-B] | 79,08,62,580 | 26,22,19,058 |

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

| I. | Remuneration to Directors: | (Amount in Rs.) 31-03-2009 | (Amount in Rs.) 31-03-2008 |
|------------|--|---------------------------------------|---------------------------------------|
| | (a) Salaries | 33,30,173 | 33,03,693 |
| | (b) Other Perquisites | 12,47,947 | 13,58,304 |
| | (c) Sitting Fees | 72,500 | 37,500 |
| | Total :- | 46,50,620 | 46,99,497 |
| II. | Auditors' Remuneration: | | |
| | (a) Audit Fees | 12,00,000 | 12,00,000 |
| | (b) Other Professional Charges (Paid To Proprietary Concern of the partner of the M/s Parikh & Majmudar) | 6,00,000 | 6,00,000 |
| | (c) Certification charges | 25,000 | - |



III. Capacity (As certified by Management)

| Class of Products | Annual Licensed capacity [MT] | | Annual Installed Casting Capacity [MT] | |
|--|-------------------------------|---------|--|----------|
| | 2008-09 | 2007-08 | 2008-09 | 2007-08 |
| S .S. Flats, Bars& Castings, Hot Rolled M.S. Plates, S.S.HR Coil | N.A. | N.A. | 3,00,000 | 3,00,000 |

IV. PRODUCTION

| Class of Product | 2008-09 Qty. (MT) | 2007-08 Qty. (MT) |
|---------------------------------------|---------------------|---------------------|
| 1. FINISHED GOODS | | |
| a) Bars, Beams, Angles & wire rods | 6,445.877 | 8,934.715 |
| b) S.S. Flats | 22,629.785 | 47,816.627 |
| c) M.S. / S.S. Plates | 53,475.420 | 72,697.472 |
| d) S.S. HR / CR Coil | 30,348.173 | 39,030.285 |
| 2. SEMI-FINISHED GOODS | | |
| a) S.S.Slab,Billets,Blooms,Ingots,etc | 13,955.819 | 9,929.229 |
| TOTAL: | 1,26,855.074 | 1,78,408.328 |
| PREVIOUS YEAR | (1,78,408.328) | (2,28,589.058) |

Note: Production indicates Net Saleable Quantity.

V. TURNOVER (Excluding trading turnover)

| Class of Goods | 2008-09 | | 2007-08 | |
|---------------------------------------|---------------------|-----------------------|---------------------|-----------------------|
| | QTY[MT] | Value(Rupees) | QTY[MT] | Value(Rupees) |
| 1. Finished Goods | | | | |
| (a) Bars, Beams, Angles & wire rods | 7,344.295 | 45,53,09,297 | 8,315.104 | 44,62,65,132 |
| (b) S.S.Flats | 22,416.395 | 1,65,88,06,994 | 47,767.325 | 2,74,74,32,664 |
| (c) M.S/S.S.Plates | 55,189.753 | 2,64,75,46,171 | 72,360.795 | 2,70,56,77,082 |
| (d) S.S. HR / CR Coil | 28,081.096 | 2,69,62,98,827 | 40,428.932 | 3,07,72,00,081 |
| 2.Semi-Finished Goods | | | | |
| S.S.Slab, Billets, Bloom, Ingots etc. | 10,566.282 | 83,69,38,776 | 10,193.470 | 87,15,25,267 |
| 4.Pathology Lab. | | 3,01,81,727 | | 8,27,94,578 |
| 5.Electricity Distribution Income | | 7,13,289 | | 20,52,085 |
| 6.Others | | 3,78,959 | | -- |
| TOTAL:- | 1,23,597.821 | 8,32,61,74,040 | 1,79,065.626 | 9,93,29,46,889 |
| PREVIOUS YEAR:- | (1,79,065.626) | (9,93,29,46,889) | (2,24,576.805) | (13,50,02,41,250) |

VI. OPENING AND CLOSING STOCKS

| Class of Goods | Opening Stocks | | | | Closing Stocks | | | |
|------------------------------------|---------------------|-------------------------|---------------------|-------------------------|---------------------|-----------------------|---------------------|-------------------------|
| | As at01-04-2008 | | As at01-04-2007 | | As at31-03-2009 | | As at31-03-2008 | |
| | QTY (MT) | Value (Rs) | QTY (MT) | Value (Rs) | QTY (MT) | Value (Rs) | QTY (MT) | Value (Rs) |
| 1) Finished Goods | | | | | | | | |
| a) Bars, Beams, Angles & wire rods | 1,606.429 | 9,08,68,054 | 986.818 | 4,76,45,992 | 708.011 | 3,33,21,200 | 1,606.429 | 9,08,68,054 |
| b) S.S. Flats | 277.926 | 1,63,99,962 | 228.624 | 1,06,86,866 | 491.316 | 2,20,31,257 | 277.926 | 1,63,99,962 |
| c) M.S / S.S. Plates | 6,375.480 | 28,26,30,140 | 6,038.803 | 26,92,83,434 | 4,661.147 | 19,60,35,696 | 6,375.480 | 28,26,30,140 |
| d) M.S. / S.S HR Coil | 4,132.519 | 27,68,22,980 | 5,531.166 | 67,57,74,698 | 6,399.596 | 39,10,49,711 | 4,132.519 | 27,68,22,980 |
| e) Excise on Finished Goods | - | 9,61,41,188 | - | 16,53,58,835 | - | 5,29,36,880 | - | 9,61,41,188 |
| 2) Semi-Finished Goods | | | | | | | | |
| S.S.Slab ,Billets, Blooms, Ingots | 2,787.594 | 13,07,87,569 | 3,051.835 | 18,28,15,676 | 6,177.131 | 30,51,94,779 | 2,787.594 | 13,07,87,569 |
| TOTAL: | 15,179.948 | 89,36,49,893 | 15,837.246 | 1,35,15,65,501 | 18,437.201 | 100,05,69,523 | 15,179.948 | 89,36,49,893 |
| PREVIOUS YEAR: | (15,837.246) | (1,35,15,65,501) | (11,824.993) | (1,15,67,41,537) | (15,179.948) | (89,36,49,893) | (15,837.246) | (1,35,15,65,501) |





VII. MATERIAL CONSUMED (Excluding trading goods & Captive use)

| Class of Goods | 2008-09 | | 2007-08 | |
|--------------------------|-----------------------|-------------------------|-----------------------|-------------------------|
| | QTY[MT] | Value(Rupees) | QTY[MT] | Value(Rupees) |
| RAW MATERIAL | | | | |
| - Scrap | 1,17,270.507 | 3,00,92,51,965 | 1,77,817.467 | 3,52,66,53,977 |
| - Ferro Chrome | 18858.148 | 1,41,21,80,176 | 25,864.871 | 1,41,71,17,803 |
| - Silico Manganese | 6127.750 | 47,22,32,277 | 7,853.939 | 41,11,13,524 |
| - Nickel | 288.313 | 21,27,03,695 | 167.478 | 25,83,06,700 |
| - Ferro Manganese | 5480.629 | 40,02,60,780 | 11,247.125 | 58,80,66,003 |
| - Copper | 816.994 | 24,20,52,236 | 1413.567 | 47,12,96,815 |
| - Others | 4221.985 | 30,51,43,546 | 6032.924 | 27,08,78,234 |
| - Path. Chemical & Cons. | - | 1,57,33,505 | - | 1,12,74,350 |
| TOTAL :- | 1,53,064.326 | 6,06,95,58,180 | 2,30,397.371 | 6,95,47,07,406 |
| PREVIOUS YEAR :- | (2,30,397.371) | (6,95,47,07,406) | (2,68,087.424) | (9,15,63,84,146) |

VIII. PARTICULARS OF TRADING GOODS

| Particulars | Opening Stock | | Purchase | | Turn Over | | Closing Stock | |
|-------------------------|---------------|-------------|-----------|---------------|-----------|----------------|---------------|-------------|
| | Qty. (MT) | Value Rs. | Qty. (MT) | Value Rs. | Qty. (MT) | Value Rs. | Qty. (MT) | Value Rs. |
| Medical Stores | N.A | 67,54,317 | - | 9,07,69,423 | - | 13,08,98,439 | N.A | 66,14,858 |
| TOTAL:- | - | 67,54,317 | - | 9,07,69,423 | - | 13,08,98,439 | - | 66,14,858 |
| PREVIOUS YEAR :- | - | (67,62,521) | - | (8,46,25,504) | - | (12,59,44,738) | - | (67,54,317) |

IX. Value of Imported And Indigenous - Materials, Stores And Spare Parts Consumed And Percentage Thereof.

[1] RAW MATERIAL MANUFACTURING ACTIVITY

| | Raw Materials | 2008-09 | | 2007-08 | |
|----|----------------|-------------------------|---------------|-------------------------|---------------|
| | | Value(Rupees) | (%) | Value(Rupees) | (%) |
| a) | Imported | 54,45,61,384 | 8.97 | 1,10,71,93,106 | 15.92 |
| b) | Indigenous | 5,52,49,96,796 | 91.03 | 5,84,75,14,300 | 84.08 |
| | TOTAL:- | 6,06,95,58,180 | 100.00 | 6,95,47,07,406 | 100.00 |
| | P.Y | (6,95,47,07,406) | 100.00 | (9,15,63,84,146) | 100.00 |

[2] RAW MATERIAL TRADING ACTIVITY

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

| Particular | 2008-09 | | 2007-08 | |
|-----------------|----------------------|-----------------|----------------------|-----------------|
| | Value(Rupees) | (%) | Value(Rupees) | (%) |
| a) Imported | 0 | 0 | 0 | 0 |
| b) Indigenous | 9,07,69,423 | 100.00 | 8,46,25,504 | 100.00 |
| TOTAL :- | 9,07,69,423 | 100.00 | 8,46,25,504 | 100.00 |
| P.Y | (8,46,25,504) | (100.00) | (9,18,84,160) | (100.00) |

**[3] STORES CONSUMED**

| Particulars | 2008-09 | | 2007-08 | |
|-----------------|-----------------------|-----------------|-----------------------|-----------------|
| | Value(Rupees) | (%) | Value(Rupees) | (%) |
| a) Imported | 5,45,30,452 | 6.93 | 2,78,24,290 | 2.79 |
| b) Indigenous | 73,25,89,904 | 93.07 | 96,79,61,521 | 97.21 |
| TOTAL :- | 78,71,20,356 | 100.00 | 99,57,85,811 | 100.00 |
| P.Y | (99,57,85,811) | (100.00) | (96,18,64,822) | (100.00) |

| X. | CIF VALUE OF IMPORTS | 2008-09 (Rupees) | 2007-08 (Rupees) |
|-------------|--|---------------------|---------------------|
| | i) Raw Materials | 46,22,31,792 | 1,08,29,54,655 |
| | ii) Capital Goods | 0 | 1,59,74,334 |
| | iii) Stores & Spares | 4,86,68,662 | 2,57,12,450 |
| XI. | Expenditure in Foreign Currency | | |
| | - Traveling Expenses | 5,64,131 | 5,66,662 |
| | - Commission on Export Sales. | 10,28,556 | 35,36,119 |
| | - Books & Periodical | 37,963 | 0 |
| | - Commission on Hedge Gain | 1,95,749 | 0 |
| XII. | Earning in Foreign Exchange | | |
| | - FOB Value of exports | 47,29,99,148 | 1,63,59,89,734 |
| | - Gain on Hedging | 34,85,962 | 0 |

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

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

As per our report attached to the Balance sheet
Signatures to Schedules 1 to 22

For PARIKH & MAJMUDAR
Chartered Accountants

Hiten Parikh
Partner
M. No. 40230

Place : Ahmedabad
Date : 27-06-2009

For, Talati & Talati
Chartered Accountants

Umesh Talati
Partner
M.No. 34834

Kirit Kanjaria
Company Secretary

For Shah Alloys Limited

Shri Rajendra V. Shah Chairman
Shri Ashok Sharma Whole Time Director
Shri Bhagwant Singh Rawat Jt. Managing Director
Shri K.S. Kamath. Director (Marketing & Logistic)

19th Annual Report



INFORMATION REFERRED TO IN NOTE 25 OF SCHEDULE 22 TO THE NOTE ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2009.

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

| | | |
|---|--|--|
| I. Registration Details: | 1 4 6 9 8 | State Code 04 |
| Balance Sheet Date | 3 1 0 3 2 0 0 9 | |
| | Date Month Year | |
| II. Capital raised during the year (Amount Rs. in Thousands) | | |
| Public Issue | N I L | Rights Issue N I L |
| Bonus Issue | N I L | Private Placement N I L |
| III. Position of Mobilization and Deployment of Funds (Amount Rs. in Thousands) | | |
| Total Liabilities | 9 7 3 4 9 2 2 | Total Assets 9 7 3 4 9 2 2 |
| Sources of Funds | | |
| Paid-up Capital | 0 1 9 7 9 7 5 | Reserves & Surplus 0 7 7 3 3 9 4 |
| Secured Loans | 6 2 1 1 8 3 2 | Unsecured Loans 0 9 5 3 6 7 1 |
| Application of Funds | | |
| Net Fixed Assets | 3 8 9 6 9 8 0 | Investments 0 3 9 9 5 0 6 |
| Net Current Assets | 2 2 7 1 3 6 0 | Misc. Expenditure + 4 2 7 1 |
| Accumulated Losses | 0 7 7 3 8 9 3 | Deferred Tax Asset 7 9 0 8 6 3 |
| IV. Performance of Company (Amount Rs. in Thousands) | | |
| Turnover (Incl. other income) | 8 5 2 7 3 9 6 | Total Expenditure 1 0 0 9 4 6 8 2 |
| Profit/Loss before tax | - 1 5 6 7 2 8 6 | Profit/Loss after tax - 1 2 5 3 6 8 8 |
| Earning per Share in (Rs.) | - 6 3 . 3 3 | Dividend rate (%) - - |
| V. Generic Names of Principal Products/Services of Company (as per monetary terms) | | |
| Item Code No. (I.T.C Code) | 7 2 0 6 1 0 0 9 | |
| Product | I N G O T S O F I R O N & S T E E L | |
| Description | O T H E R T H A N H I G H C A R B O N S T E E L | |
| Item Code No. (I.T.C. Code) | 7 2 1 8 1 0 0 0 | |
| Product | I N G O T S & O T H E R P R I M A R Y | |
| Description | F O R M S O F S T A I N L E S S S T E E L | |
| Item Code No. (I.T.C. Code) | 7 2 2 8 1 0 0 9 | |
| Product | S T A I N L E S S S T E E L F L A T | |
| Description | B A R S | |
| Item Code No. (I.T.C Code) | 7 2 2 6 9 1 0 9 | |
| Product | H O T R O L L E D P L A T E & | |
| Description | O T H E R S T E E L P R O D U C T S | |
| Item Code No. (I.T.C. Code) | 3 2 1 1 | |
| Product | H O T R O L L E D M S S H E E T S | |
| Description | & M S / S S C O I L S | |

For PARIKH & MAJMUDAR
Chartered Accountants

Hiten Parikh
Partner
M. No. 40230

Place : Ahmedabad
Date : 27-06-2009

For, Talati & Talati
Chartered Accountants

Umesh Talati
Partner
M.No. 34834

Kirit Kanjaria
Company Secretary

For Shah Alloys Limited

Shri Rajendra V. Shah Chairman
Shri Ashok Sharma Whole Time Director
Shri Bhagwant Singh Rawat Jt. Managing Director
Shri K.S. Kamath. Director (Marketing & Logistic)





SHAH ALLOYS LIMITED

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

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

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

| | |
|------------|------------------|
| DP Id | Master Folio No. |
| Client Id* | |

NAME AND ADDRESS OF THE SHAREHOLDER :

NO. OF SHARES (S) HELD :

I/WE hereby record my/our presence at the **19TH ANNUAL GENERAL MEETING** of the Company held on Thursday, 24th September, 2009 at 9.30 A.M. at Rajpath Club Limited, S.G.Highway, Ahmedabad – 380 054.

SIGNATURE OF THE SHAREHOLDER OR PROXY

Applicable for investors holding shares in electronic form.

SHAH ALLOYS LIMITED

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

PROXY FORM

| | |
|------------|------------------|
| DP Id | Master Folio No. |
| Client Id* | |

I/WE _____ of _____ being a member/members of Shah Alloys Limited hereby appoint _____ of _____ of or falling him/her _____ of _____ of or falling him/her _____ of _____ as my/our proxy to vote for me/us and on my/our behalf at the **19TH Annual General Meeting** to be held on Thursday, 24th September, 2009 at 9.30 A.M. at Rajpath Club Limited, S. G. Highway, Ahmedabad – 380 054 or at any adjournment thereof.

Signed this _____ day of _____ 2009

- Applicable for investors holding shares in electronic form.



NOTE:

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