



20TH ANNUAL REPORT

BOARD OF DIRECTORS:

Shri Rajendra V. Shah
Shri Bhupendra Jha

Shri Kandodi Srinivas Kamath
Shri Ashok Sharma
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 M.B.Kaul

Chairman
Jt.Managing Director
(Ceased on 9.7.2010)
Executive Director

Nominee Director-Union Bank of India
Nominee Director-IDBI Bank Ltd.
(appointed vice Shri Rajeev Kumar Sinha
w.e.f. 5.4.2010)

COMPANY SECRETARY:

Vinod Kumar Shah
w.e.f. 22.04.2010

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 :

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 alongwith them at the Annual General Meeting, as the same will not be distributed in the Meeting Hall.





NOTICE

NOTICE is hereby given that Twentieth Annual General Meeting of the Members of SHAH ALLOYS LIMITED will be held on Friday, the 24th September, 2010 at 9.30 a.m. at SAL Institute & Engineering Research, Opp Science City, Ahmedabad – 380 060, to transact the following business:-

ORDINARY BUSINESS:

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

SPECIAL BUSINESS:

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

“RESOLVED THAT in accordance with the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any of the Companies Act, 1956 and subject to such approval as necessary the consent of the company be and is hereby accorded to the re-appointment of Shri Ashok A Sharma as Whole Time Director, for a period of 5 (Five) years with effect from 01.05.2010, on a remuneration of Rs. 1,00,000/- per month inclusive of perquisites.

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

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for the purpose of giving effect to this resolution.”

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIM/HER SELF AND PROXY NEED NOT BE A MEMBER.** The proxies to be effective should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
2. An Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special business to be transacted at the meeting is annexed hereto.
3. Shareholders are requested to bring their copy of Annual Report to the meeting.
4. Members/Proxies should fill the Attendance Slip for attending the meeting.



5. All documents referred to in the occupying Notice and Explanatory Statement are open for inspection at the Shah Alloys Corporate Office of the company on all working days, except Saturday and Sunday between 11.00 a.m. and 4.00 p.m. up to the date of Annual General Meeting.
6. Members seeking any information or clarification on the Accounts are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received only at the meeting.
7. The Register of Members and Share transfer Books Of the Company will remain closed from Friday, 10th September, 2010 to Friday, 24th September, 2010(both days inclusive).
8. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.

Registered Office:

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

Date: 15.04.2010
Place: Ahmedabad

By Order of the Board

Ashok A Sharma
Whole Time Director

ANNEXURE TO THE NOTICE

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

ITEM NO. 6

Shri Ashok A Sharma was appointed as Whole Time Director on 1st May 2005 for a period of 5 years. His term of appointment would be expired on 30th April 2010. Shri Ashok A Sharma has been looking after day to day administrative work at the Company's plant situated at Santej. Shri Sharma is Chartered Accountant and Company Secretary by profession and has more than 25 years of rich experience in the field. Board of Directors in its meeting held on 15th April 2010 has re-appointed him as Whole Time Director for a further period of 5 years commencing from 1st May 2010. Remuneration of Shri Sharma has been fixed to Rs. 1,00,000 per month inclusive of perquisites as per recommendations of the Remuneration Committee.

The appointment of Shri Ashok A Sharma is subject to approval of the shareholders under sections 198, 269,309 and other applicable provisions, including schedule XIII of the Companies Act, 1956.

The Board recommends the resolution.

None of the Directors except Shri Ashok A Sharma is interested in the resolution.

Registered Office:

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

Date: 15.04.2010
Place: Ahmedabad

By Order of the Board

Ashok A Sharma
Whole Time Director

**DIRECTORS' REPORT**

To,
The Members
Shah Alloys Ltd.
Ahmedabad.

Your Directors present the 20th Annual Report together with the Audited statement of Accounts for the year ended on **31st March, 2010**.

Financial Results:

Particulars:	(Rs. in Crore)	
	31.03.2010 Rs.	31.03.2009 Rs.
1 Turnover	835.76	847.53
2 Profit/Loss before Dep. Int. & Taxes	26.05	(66.42)
3 Profit/Loss before Tax	(80.72)	(176.35)
4 Net profit after Tax	(60.32)	(123.60)

OPERATIONAL REVIEW

The company has performed low in the year 2009-10 by posting a turnover of Rs 835.76 Crore. During the year, the company has been sanctioned rework CDR Package and banks have partially realized the working capital limits in the end of the first half. Coupled with low demand in domestic and international market has resulted in to low capacity utilisation. Moreover enhanced furnace oil prices had further dented the bottom line of the company. However, company has stabilized its product range in domestic market with the invention of new value added products.

It can be seen for the profit and loss account and balance sheet for the year ended 31/03/10 the accumulated losses have been exceeded the Company's net worth, therefore the company becomes Sick Industrial Company within the meaning of Sick Industrial Company (Special Provision) Act. Hence it is necessary to make a reference a Board for Industrial and Financial Reconstruction under the section 15 of Sick Industrial Company (Special Provision) Act.

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 Harshad M. Shah, Shri Tejpal S. Shah & Shri G. M. Shaikh retires by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Shri B.S. Rawat ceased to be Jt. Managing Director and Director due to his resignation from the Board of the Company w.e.f 31.08.2009. The Board places on record his appreciation for the services rendered by him as Jt. Managing Director during his association with the Company.

Shri Bhupendra Jha was appointed as a Jt. Managing Director of the Company w.e.f 12.10.2009.

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

M/s. Talati & Talati, Chartered Accountants, 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 not accepted the deposits during the year.

REGULATORY STATEMENT

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

The equity shares of your company are listed on the following stock exchanges and the listing fees are paid by the company for the year 2010-2011.

- **Bombay Stock Exchange Ltd.** P. J. Tower, Dalal Street, Mumbai – 400 001.
- **National Stock Exchange of India Ltd** "Exchange Plaza" Bandra Kurla Complex, C-1, Block-G, 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 which have made possible the excellent results achieved by your company and to all the persons who reposed faith and trust in us. 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: 15th April, 2010.

Place: Ahmedabad

**Rajendra V. Shah
Chairman**



MANAGEMENT DISCUSSION AND ANALYSIS

INDIAN STAINLESS STEEL SCENARIO

According to market research report "Indian Steel Industry Outlook to 2012", India offers a fast growing steel industry with enormous future growth potentials inherent. Even in the tough times of economic slowdown, the industry succeeded to sustain its positive growth momentum on the strong fundamentals of domestic demand from construction, automobile and infrastructure sectors. Stainless steel is emerging as a fastest growing segment in the Indian steel industry with consumption growth forecast at 8.1% CAGR during 2010-2013.

More and more awareness has been bought with consumers as well as industries for usage of stainless steel by that there is a likely growth of demand in domestic market.

Indian Railway has Planned to convert all the wagon in to stainless steel from Carbon Steel. It is going to be a very good impact on SS Flat Producers for the demand on Ferretic Grade stainless steel.

Poor demand in Europe and USA is a concern for Export market.

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, kitchen ware 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 plats 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 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

(Rs. in Crore)

	2009-10	2008-09
Total Income	835.76	846.84
Stainless Steel Plant	820.47	830.74
Medical Store & Lab	15.29	16.10
Profit Before Tax	- 84.96	-156.61
Stainless Steel Plant	- 87.48	-160.89
Medical Store & Lab	2.64	4.28
Capital Employed	-151.67	-63.42
Stainless Steel Plant	-162.56	74.26
Medical Store & Lab	10.11	10.84

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 operation 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 identified 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 statutes and Company's policies and procedures.

HUMAN RESOUVES AND INDUSTRIAL RELATIONS

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

CAUTIONARY NOTE

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

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

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



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 consists 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 six Board Meetings during the year ended 31st March, 2010. These meetings were on the maximum time gap between any two meetings was not more than 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 PromoterChairman	6	6	1	Nil	Nil	Yes
Shri Kondadi Srinivas Kamath	Non Promoter Executive Director	6	6	Nil	Nil	Nil	Yes
Shri Yogesh Thaker	Non Promoter Executive Director	6	6	2	Nil	Nil	Yes
Shri G.M. Shaikh	Non - Executive & Independent	6	5	Nil	Nil	Nil	Yes
Shri Bhupendra Jha *	Jt.Managing Director	6	2	Nil	Nil	Nil	N.A.
Shri Harshad M. Shah	Non-Executive & Independent	6	4	1	1	Nil	No
Shri Ashok A Sharma	Wholetime Director	6	6	Nil	Nil	Nil	Yes
Shri N.D.Shah	Non-Executive & Independent	6	3	1	Nil	Nil	No
Shri Dilip Kumar Sinha	Non-Executive & Independent	6	5	1	Nil	Nil	No.
Shri Tejpal S. Shah	Non-Executive & Independent	6	4	1	Nil	Nil	No.
Shri Rajeev Sinha	Nominee Director	6	5	Nil	Nil	Nil	No.
Shri Vincent Mendonsa	Nominee Director	6	2	Nil	Nil	Nil	No.
Shri B.S. Rawat **	Jt Managing Director	6	2	Nil	Nil	Nil	NA

* Shri Bhupendra Jha appointed as Jt. Managing Director of the Company W.e.f. 12th October, 2009

** Shri B.S.Rawat resigned as Jt. Managing Director on 31st August, 2009.



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 is generally accompanied by background notes and other materials information which is circulated among the Directors in advance.

During the financial year ended 31st March 2010, six Board meetings were held – 25.04.2009, 27.06.2009, 29.07.2009, 12.10.2010, 31.10.2009 and 20.01.2010.

AUDIT COMMITTEE

The Role 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 27.06.2009, 29.07.2009, 31.10.2009 and 29.01.2010.

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	3

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/ Whole 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 number of complaints received were replied to satisfaction of shareholders during the year ended 31st March, 2010. Outstanding complaint as on 31.03.2010 was Nil.

**REMUNERATION TO THE DIRECTORS**

The details of remuneration paid to Directors for the year ended March 31, 2010 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 Bhupendra Jha *	Nil	11,38,800	Nil	11,38,800
Shri Kondadi Srinivas Kamath	Nil	9,64,000	Nil	9,64,000
Shri Ashok Sharma	Nil	582000	Nil	582000
Shri Yogesh N Thaker	Nil	1399200	Nil	1399200
Shri G. M Shaikh	22,500	Nil	Nil	22,500
Shri Harshad M. Shah	10,000	Nil	Nil	10,000
Shri Natvarlal D. Shah	15,000	Nil	Nil	15,000
Shri Dilipkumar Sinha	12,500	Nil	Nil	12,500
Shri Tejpal S. Shah	10,000	Nil	Nil	10,000
Shri B S Rawat **	Nil	7,35,000	Nil	7,35,000
Shri Rajeev Kumar Sinha	12,500	Nil	Nil	12,500
Shri Vincent Mendonsa	5000	Nil	Nil	5000

- The Company does not have a scheme for grant of Stock option to the Directors.
- * Shri Bhupendra Jha appointed as Jt. Managing Director of the Company w. e. f. 12th October, 2009.
- ** Shri B.S.Rawat resigned as Jt. Managing Director on 31st August, 2009.

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 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
AGM	September 24, 2009	Rajpath Club Ltd., Setelite Road, Thaltej, Ahmedabad.- 380 054	9.30 AM	-
EGM	November 12, 2009	SAL Institute & Engineering Research, Opp Science City, Ahmedabad-380060	9.30 AM	—

During year ended 31st March, 2010 there have been no resolutions passed by the company's shareholders through postal.

MANAGEMENT

Management discussion and analysis

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

3. MEANS OF COMMUNICATION

- 1) The Board of Directors of the Company approves and takes on record the quarterly, half yearly and yearly financial results in the Performa prescribed by Clause 41 of the Listing Agreement within prescribed time limit.
- 2) The approved financial results are forthwith sent to the Listed Stock Exchanges and are published in the leading national English newspapers. In addition the same are published in local language (Gujarati) newspaper. The same are not sent to the shareholders separately.

4. GENERAL SHAREHOLDER INFORMATION

As mentioned in the Notice, the 20th Annual General Meeting of the Company will be held on 24th September, 2010 at 9.30 a.m. at SAL Institute & Engineering Research, Opp. Science City, Ahmedabad-380 060.

* 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 '10 |
| (b) | Second Quarter Results | : | Oct.'10 |
| (c) | Third Quarter Results | : | Jan.'11 |
| (d) | Fourth Quarter results | : | May / June 2011 |



SHAH ALLOYS LIMITED

- * **Date of Book Closure** : 10/09/2010 to 24/09/2010
(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 2010-2011.

- * **Stock Code**

The National Stock Exchange of India (NSE) : ShahAlloys
Bombay Stock Exchange Ltd. : 513436
Demat ISIN No. for NSDL and CDSL : INE 640C01011
Monthly Highs and Lows for the period April 2009 to March 2010.

NATIONAL STOCK EXCHANGE OF INDIA LTD. (NSE)		
	HIGH	LOW
APRIL 2009	18.50	11.50
MAY 2009	27.60	17.25
JUNE 2009	35.20	19.25
JULY 2009	22.50	18.20
AUGUST 2009	23.95	20.65
SEPTEMBER 2009	32.45	23.90
OCTOBER 2009	33.00	22.60
NOVEMBER 2009	26.95	21.15
DECEMBER 2009	38.05	22.15
JANUARY 2010	41.90	26.30
FEBRUARY 2010	28.40	23.05
MARCH 2010	27.20	22.05

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

Board of Directors has decided to change the Registrars & Share Transfer Agent and accordingly, new Registrars & Share Transfer Agent from the date of taking the records shall be:

: Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E) Mumbai 400 072
Email: info@bigshareonline.com

Share Transfer System

As per the SEBI guidelines shares are transferred by the aforesaid Registrars & Transfer Agent.

The total number of shares transferred in the physical form during the year was 9200.



Distribution and Shareholding Pattern as on 31.03.2010

No. of equity shares held	No. of Folios	%	No. Shares	%
Upto 500	7982	84.79	1425197	7.20
501 – 1000	789	8.38	641939	3.24
1001 – 2000	299	3.18	466369	2.36
2001 – 3000	134	1.42	346614	1.75
3001 – 4000	54	0.57	193567	0.98
4001 – 5000	38	0.40	180214	0.91
5001 – 10000	53	0.56	377471	1.91
10001 and above	65	0.69	16166169	81.66
TOTAL	9414	100.00	19797540	100.00
No. of shareholders in physical mode	1850		589834	2.98
No. of shareholders in electronic mode	7564		19207706	97.02

Shareholding pattern as on 31.03.2010 is as follows

Category	No. of Shares	%
Promoters	10590370	53.49
Directors / Relatives	137996	0.70
Indian Public	3912054	19.76
Domestic Companies	3275799	16.55
Nationalized Bank/ Insurance Company	1776724	8.97
NRI	104597	0.53
Total	19797540	100.00

- * Dematerialisation of shares and liquidity 97.02 % of the paid-up capital has been dematerialized as on 31.03.2010.
- * 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
 - [1]** Bigshare Services Pvt. Ltd.
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E) Mumbai 400 072
Email: info@bigshareonline.com
 - [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-382 721



SHAH ALLOYS LIMITED

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 Harshad M Shah was first appointed on the Board of Shah Alloys Ltd. on 31.12.2005. He is under graduate and having more than 20 years of experience in construction business and trading of scrap. Shri Harshad M Shah does not hold any shares of the Company as on 15.04.2010. He is a member of internal committees of the Company.

Other directorships Name of Company	Committee Memberships Name of Companies
S.A.L. Steel Ltd.	S.A.L. Steel Ltd.

- 2) Shri Tejpal S Shah was first appointed on the Board of Shah Alloys Ltd. on 01.02.2006. Prior to joining the Board of Directors, he had 28 years of experience in the iron scrap business. Shri Tejpal S Shah does not hold any shares of the Company as on 15.04.2010.

Other directorships Name of Company	Committee Memberships Name of Companies
S.A.L. Steel Ltd.	NIL

- 3) Shri G M Shaikh was first appointed on the Board of Shah Alloys Ltd. on 07.08.1992. He is a practicing Chartered Accountant and has more than 46 years of experience in Audit and Taxation of Corporate and Firms. He is a partner in G M Shaikh & Co. Shri G M Shaikh does not hold any shares of the Company as on 15.04.2010. He is also not holding Directorship and membership of Committee in other company. He is a member of internal committees of the Company.

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**

K. S. Kamath
Executive Director

Place: Ahmedabad
Date: 15-04-2010

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, 2010 as stipulated in clause 49 of the listing agreement of the Company with stock exchanges in India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the conditions of Corporate Governance as stipulated in the above listing agreement. We state that in respect of investor grievances received during the year ended 31st March, 2010 no investor grievances are pending against the company for the period exceeding one month, as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**FOR TALATI & TALATI
CHARTERED ACCOUNTANTS**

UMESH TALATI
PARTNER
Mem. No. 34834

**PLACE : Ahmedabad
DATE : 15.04.2010**



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, 2010 and profit & loss account, and all its schedules and notes on accounts, as well as the cash flow statements and the director's report.
- 2) Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact or does not contain any statement that might be misleading.
- 3) Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the company's affairs, the financial condition, results of operations and cash flow of the Company as of, and for, the periods presented in this report and are in compliance with the existing accounting standards and /or applicable laws and regulations.
- 4) To the best of my knowledge and belief, no transactions entered into by the company during the aforesaid period are fraudulent, illegal or violative of the company's code of conduct.
- 5) I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financials reporting for the company, and I have
 - i) evaluated the effectiveness of the Company's disclosure, controls, and procedures over financial reporting; and
 - ii) disclosed in this report any change in company's internal control over financial reporting that occurred during the company's most recent accounting period that may have materially affected, or is reasonably likely to affect, the company's internal control over financial reporting.
- 6) I have disclosed based on my most recent evaluation wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors,
 - i) All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process summarize and report financial data and have identified for the company's auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to such deficiencies, if any;
 - ii) Significant changes in internal controls during the period covered by this report, if any;
 - iii) All significant changes in accounting policies during the period, if any and that the same have been disclosed in the notes to the financial statements.
 - iv) No instances of significant fraud of which I am aware, involving management or other employees who have significant role in the company's internal controls systems.
- 7) 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:- 15th April, 2010

Yashpal Mehta
Chief Financial Officer



ANNEXURE TO DIRECTORS' REPORT

A. CONSERVATION OF ENERGY:

(a) Energy conservation measures taken :-

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

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

Your Company is highly power intensive industry and power is the basic requirements of manufacturing process. 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 :-

On account of energy conservation measures taken by the Company, and being power intensive industry, the energy is being reduced to a great extent which results in reduction in the cost of production of finished products.

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

(I)	Power and Fuel Consumption:	31.03.2010	31.03.2009
1.	Electricity		
a.	Purchased Unit (kwh) Total Amount Rate / Unit (Rs.)	100878347 639214303 6.34	107571251 619006761 5.75
b.	Own Generation		
i)	Through Diesel Generator Unit (kwh) Units per Ltr. of Diesel Oil Cost / Unit (Rs.)	78676430 3.64 6.73	54656405 3.51 4.95
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.)	21606104 529109037 24.49	15578095 287814742 18.48
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:	31.03.2010	31.03.2009
	Particulars of Product		
	Electricity (in unit)	1242	1279
	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:	32.38	47.65
b)	Foreign Exchange Out Go:	57.26	51.27

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

For and on Behalf of the Board

Place: Ahmedabad
Date: 15th April, 2010

(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 2010, 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
 - (e) On the basis of the written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified as on March, 31 2010 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the 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. :-
- i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2010 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 TALATI & TALATI
CHARTEREDACCOUNTANTS
FRNo:110758W**

**UMESH TALATI
PARTNER
M.No 34834**

**PLACE : AHMEDABAD
DATE: - 15.04.2010**



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, No Fixed Assets were disposed off during the year.
- 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 not material.
- 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) According to the information & explanations given to us and on the basis of records produced before us, during the year Company has not granted or taken any loans from or to any parties covered under the register maintained under section 301 of the companies Act, 1956 and hence sub clause b, c, d, e, f & g of clause 4(iii) are not applicable. 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 in the year 2008 to SAL Steel Ltd , the repayment of the loan given to the said party 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, 2010.
- 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, Sale of goods and materials 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 &Services or the prices at which the transactions for similar Goods ,Materials & 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)** During the year the company has appointed a firm of Chartered Accountants as internal auditor and in our opinion, the internal audit system of the company is commensurate with its size & nature of its business.
- 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, 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, 2010 for a period of more than six months from the date of becoming payable.
 - b) On the basis of records produced before us for our verification and according to the information and explanations given to us, the details of disputed Income Tax, Sales Tax, Customs and Service Tax dues aggregating to Rs 354.99 lakhs (Net of Payments) that have not been deposited as on 31st March, 2010 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	1997-98	Gujarat High Court	1.30
5	Sales Tax	1995-96	DC of Sales Tax (Tribunal) Ahmedabad	6.99
6	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. 5104.36 lacs during the current year and the company has incurred Rs. 12169.88 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 31.3.2010.



- 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. 1.26 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 TALATI & TALATI
CHARTERED ACCOUNTANTS
FRNo:110758W**

**PLACE : AHMEDABAD
DATE: - 15.04.2010**

**UMESH TALATI
PARTNER
M.No 34834**



BALANCE SHEET AS AT 31ST MARCH 2010

Schedule	As at 31-3-2010 Rupees	As at 31-3-2010 Rupees	As at 31-3-2009 Rupees	As at 31-3-2009 Rupees
(A) SOURCES OF FUNDS				
1 Shareholders' Funds				
a) Share Capital	197,975,400		197,975,400	
b) Reserves and Surplus	741,253,187	939,228,587	773,393,895	971,369,295
2 Loan Funds				
a) Secured Loans	7,162,358,229		6,211,832,333	
b) Unsecured Loans	954,812,218	8,117,170,447	953,671,240	7,165,503,573
		9,056,399,034		8,136,872,868
(B) APPLICATION OF FUNDS				
1 Fixed Assets	5			
a) Gross Block	5,559,393,567		5,559,393,567	
b) Less : Depreciation	2,156,904,905		1,820,418,317	
Net Block	3,402,488,662		3,738,975,250	
c) Capital work-in-progress	170,594,328	3,573,082,990	158,004,288	3,896,979,538
2 Investments	6	399,506,276		399,506,276
3 Deferred Tax Assets (Refer note No. 21 of Sch-22)		1,037,187,365		790,862,580
4 Current Assets & Loans & Advances				
a) Inventories	7	2,213,454,404	1,852,963,392	
b) Sundry Debtors	8	973,799,843	679,572,175	
c) Cash & Bank Balances	9	107,138,711	186,387,880	
d) Other current Assets	10	7,682,069	5,389,220	
e) Loans & Advances	11	1,252,303,987	1,145,096,496	
		4,554,379,014	3,869,409,163	
Less : Current Liabilities & Provisions				
a) Current Liabilities	12	1,865,374,585	1,578,092,090	
b) Provisions	13	21,143,247	19,956,720	
		1,886,517,832	1,598,048,810	
Net Current Assets		2,667,861,182		2,271,360,353
5 Miscellaneous Expenditures [to the extent not written off or adjusted]	14	1,625,425		4,270,941
6 Profit & Loss Account	15		1,377,135,796	773,893,180
			9,056,399,034	8,136,872,868
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 Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : 15-04-2010

**For and on behalf of Board of Directors of
Shah Alloys Limited**

Shri Rajendra V. Shah

Chairman

Shri K S Kamath

Executive Director

Shri Ashok Sharma

Whole Time Director Director



SHAH ALLOYS LIMITED

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

	Schedule Year Ended on 31-3-2010 Rupees	Year Ended on 31-3-2010 Rupees	Year Ended on 31-3-2009 Rupees	Year Ended on 31-3-2009 Rupees
(A) INCOME				
1 Gross Revenue From Operations ¹⁶	8,357,600,595		8,468,464,174	
Less :- Excise Duty	576,935,814		889,855,703	
Net Revenue From Operations		7,780,664,781		7,578,608,471
2 Increase in Stocks	17	344,981,425		106,919,630
3 Other Income	18	122,813,542		58,932,108
TOTAL		8,248,459,748		7,744,460,209
(B) EXPENDITURE				
1 Material Consumed	19	5,165,536,814		6,160,467,062
2 Manufacturing & Other Expenses ²⁰		2,822,410,548		2,248,222,627
3 Interest & Finance Charges	21	731,247,207		751,619,205
TOTAL		8,719,194,569		9,160,308,894
(C) Net Profit / (Loss) before Dep. and Taxation		(470,734,821)		(1,415,848,685)
(D) Depreciation		336,486,588		347,652,990
(E) Profit / (Loss) before Taxation		(807,221,409)		(1,763,501,675)
(F) Provision for Taxation				
- FBT		-		1,197,516
- Deferred Tax		(246,324,785)		(528,643,522)
		(246,324,785)		(527,446,006)
(G) Profit / (Loss) after Tax		(560,896,624)		(1,236,055,669)
(H) Less : Prior Period Adjustments [Refer Note No. 16 of Sch. 22]		42,345,992		17,632,095
(I) Profit / (Loss) before extra ordinary item.		(603,242,616)		(1,253,687,764)
(J) Add : Extraordinary item.		-		213,847,854
Profit / (Loss) after extra ordinary item.		(603,242,616)		(1,039,839,910)
(K) Bal. brought forward from Previous Year		(773,893,180)		85,046,930
TOTAL		(1,377,135,796)		(954,792,980)
Balance Carried to Balance Sheet		(1,377,135,796)		(954,792,980)
		(1,377,135,796)		(954,792,980)
EPS-Basic before Extraordinary & Prior Period Items		(28.33)		(62.43)
EPS-Diluted before Extraordinary & Prior Period Items		(28.33)		(62.43)
EPS-Basic after Extraordinary & Prior Period Items		(30.47)		(52.52)
EPS-Diluted after Extraordinary & Prior Period Items		(30.47)		(52.52)
(Nominal value of Rs. 10 each) (P.Y. Rs.10 each)				
(Refer Note No. 20 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 Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : 15-04-2010

**For and on behalf of Board of Directors of
Shah Alloys Limited**

Shri Rajendra V. Shah

Chairman

Shri K S Kamath

Executive Director

Shri Ashok Sharma

Whole Time Director Director



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010 (Pursuant to the listing Agreement with Stock Exchange)

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit (Loss) before Tax and Extraordinary items		(807,221,409)		(1,763,501,675)
Adjustments for :				
Depreciation	336,486,588		347,652,990	
Misc. Expenses Written Off	2,645,516		2,645,516	
Provision for doubtful debt	-		11,788,938	
Interest expenses (Net)	731,247,207		751,619,205	
(Profit)/loss on sale of Fixed assets	-		505,015	
Interest Income	(18,234,298)		(10,304,178)	
		1,052,145,013		1,103,907,486
Operating Profit Before Working Capital Changes		244,923,604		(659,594,189)
Adjustments for :				
Trade and other receivables	(403,728,008)		(19,047,251)	
Inventories	(360,491,012)		(345,691,959)	
Trade Payable and others	288,469,022	(475,749,998)	684,300,497	319,561,288
Cash Generated From Operations		(230,826,394)		(340,032,902)
Direct Taxes Payable		-		(1,197,516)
Cash Flow Before Extraordinary Items		(230,826,394)		(341,230,418)
Less: Prior period & extra ordinary adjustments		42,345,992		(196,215,759)
Net Cash from Operating Activities		(273,172,386)		(145,014,659)
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets (Net of Cenvat benefit & including Pre-operative Exps. WIP Cap. Advance)		(12,590,040)		(45,728,380)
amount received back from - Inter corporate deposit		-		150,000,000
Sale of Fixed Assets		-		799,999
Interest Income		18,234,298		8,725,108
		5,644,258		113,796,727
Net Cash Used in Investing Activities		5,644,258		113,796,727



SHAH ALLOYS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010 (Pursuant to the listing Agreement with Stock Exchange)

	2009-2010		2008-2009	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long term Borrowings (Net of repayments)	433,461,069		380,159,172	
Proceeds from Bank/ FIS borrowings for Working Capital.	518,087,852		114,462,197	
Proceeds from Unsecured Borrowings (Net of repayments)	26,040,708		128,707,022	
Repayment of sales tax defferment loan	(24,899,730)		(24,899,728)	
Deferred payment credits against vehicles (Net of repayments)	(1,023,024)		(3,069,622)	
Interest Paid	(763,387,915)	188,278,960	(610,279,271)	(14,920,230)
Net Cash Generated in Financing Activities		188,278,960		(14,920,230)
Net Increase in Cash and Equivalent.		(79,249,168)		(46,138,161)
Cash And Cash Equivalents as at the Beginning of the year		186,387,880		232,526,041
Cash And Cash Equivalents as at the Closing of the year		107,138,711		186,387,880

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

As per our report of even date attached

For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : 15-04-2010

**For and on behalf of Board of Directors of
Shah Alloys Limited**

Shri Rajendra V. Shah

Chairman

Shri K S Kamath

Executive Director

Shri Ashok Sharma

Whole Time Director Director



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SCHEDULE :- 1 SHARE CAPITAL		
Authorised Capital		
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 other than cash 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	173,393,395	234,733,308
Less : FCCB Premium (Ref Note No 7 of Schedule 22)	32,140,708	61,339,913
	<u>141,252,687</u>	<u>173,393,395</u>
iii) Debenture Redemption Reserve		
Opening Balance	600,000,000	600,000,000
	<u>600,000,000</u>	<u>600,000,000</u>
iv) General Reserve		
As per Last Balance Sheet	0	180,899,800
Less: Debit balance in Profit and Loss account deducted	0	180,899,800
TOTAL	<u>741,253,187</u>	<u>773,393,895</u>

SCHEDULE :- 3 SECURED LOANS

A) Non Convertible Debenture	1,000,000,000	1,000,000,000
Add : Interest on NCD	231,854,925	151,854,925
	<u>1,231,854,925</u>	<u>1,151,854,925</u>
B) From Banks :		
i) Term Loans		
Rupee Term Loans	1,507,192,123	1,458,298,185
Working Capital Term Loan	1,804,561,436	1,804,661,306
Funded Interest Term Loan	875,432,624	511,822,382
FCNR Term Loans	0	58,943,242
ii) Working Capital Facilities		
Cash Credit Facilities	1,678,121,011	1,160,033,159
C) From Financial Institution :		
Term Loans	64,278,000	64,278,000



SHAH ALLOYS LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
D) Others :		
Vehicles acquired under the hire purchase scheme are secured against vehicles acquired under the hire purchase agreement [Refer Note No. 12 of Sch. 22]	918,110	1,941,134
TOTAL	<u>7,162,358,229</u>	<u>6,211,832,333</u>
SCHEDULE :- 4 UNSECURED LOANS		
- Deposits	284,500,000	232,500,000
- From Directors	7,121,787	7,121,787
- Deferred Payment Liability in respect of Sales Tax.	67,198,787	92,098,517
Foreign Currency Convertible Bond (Zero Coupon)	451,400,000	509,500,000
Premium payable on FCCB (maturity date 22-09-2011)	144,591,644	112,450,936
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>954,812,218</u>	<u>953,671,240</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 31-03-10 Rs 3449.30 Lacs (P.Y Rs 1906.19 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	587,941,887	552,586,614
[Incl. Goods in transit Rs.66.82 Lacs (P.Y. NIL Lacs)]		
Raw materials	261,803,465	293,192,397



SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
[Incl. Goods in transit Rs.263.14 Lacs (P.Y. 211.41 Lacs)] Finished Goods	1,173,508,954	695,374,744
[Incl. Goods lying with Third Party Rs.126.17 Lacs (P.Y Rs. 538.63 Lacs) and lying at Port Rs NIL Lacs (P.Y. Rs. 177.93 Lacs)] Semi-finished Goods	172,041,994	305,194,779
[Incl. Goods lying with third Party Rs NIL Lacs (P.Y Rs. 53.72 Lacs)] Trading Goods - Medicine stock	6,158,102	6,614,858
Steel & Iron - Plate	12,000,002	0
TOTAL	<u>2,213,454,404</u>	<u>1,852,963,392</u>
SCHEDULE :- 8 SUNDRY DEBTORS		
Debts considered doubtful	10,133,182	11,788,938
Less : provision for claim / doubtful debt	10,133,182	11,788,938
Debts considered good (unsecured)		
Debts due for a period exceeding six months	50,805,671	25,177,227
Other debts	922,994,172	654,394,948
[Refer Note No. 13 of Sch. 22]		
TOTAL	<u>973,799,843</u>	<u>679,572,175</u>
SCHEDULE :- 9 CASH AND BANK BALANCES		
A) Cash on Hand	5,290,698	2,514,548
[Including Foreign Currency on hand of Rs 64,661/- (P.Y Rs NIL)]		
B) Balance With Schedule Bank		
-In Current Account	1,450,238	23,511,978
-In Deposit Account (Margin Money)	98,609,426	158,479,267
-In EEFC Account	688,885	777,551
-In Dividend Account	1,099,464	1,104,536
TOTAL	<u>107,138,711</u>	<u>186,387,880</u>
SCHEDULE :- 10 OTHER CURRENT ASSETS		
(Unsecured considered good)		
Interest Accrued but not due on Deposits	7,675,219	5,382,370
on N.S.C.	6,850	6,850
TOTAL	<u>7,682,069</u>	<u>5,389,220</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 01-04-2009	Additions During the Year	Sales/ Adjust mentsDuring the Year	Closing Balance as at 31-03-2010	Opening Balance as at 01-04-2009	For the Year	Sales/ Adjustments During the Year	Closing Balance as at 31-03-2010	As at 31-03-2010	As at 31-3-2009
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	Freehold Land	42,281,653	-	-	42,281,653	-	-	-	-	42,281,653	42,281,653
2	Factory Building	227,672,041	-	-	227,672,041	43,859,098	7,367,311	-	51,226,409	176,445,632	183,812,943
3	Office/Resi. Building	32,691,753	-	-	32,691,753	659,889	532,876	-	1,192,765	31,498,988	32,031,864
4	Plant and Machinery	5,167,238,873	-	-	5,167,238,873	1,734,547,016	322,078,352	-	2,056,625,368	3,110,613,505	3,432,691,857
5	Laboratory Equipments	4,916,603	-	-	4,916,603	3,222,806	233,539	-	3,456,345	1,460,258	1,693,797
6	Office Equipments	20,994,302	-	-	20,994,302	9,198,098	1,408,853	-	10,606,951	10,387,351	11,796,204
7	Furniture and Fixtures	19,724,274	-	-	19,724,274	5,813,468	1,241,013	-	7,054,481	12,669,793	13,910,806
8	Vehicles	43,874,068	-	-	43,874,068	23,117,942	3,624,644	-	26,742,586	17,131,482	20,756,126
	SUB-TOTAL :-	5,559,393,567	-	-	5,559,393,567	1,820,418,317	336,486,588	-	2,156,904,905	3,402,488,662	3,738,975,250
	Previous Year :-	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
	Capital Work-in-progress									170,594,328	158,004,288
									TOTAL	3,573,082,990	3,896,979,538

Note : Capital Working Progress includes Rs 4,46,93,973/- on account of pre-operative expenses (P.Y. Rs 3,21,03,933/-)



SHAH ALLOYS LIMITED

**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at 31.03.2010 (Rupees)	As at 31.03.2009 (Rupees)
SCHEDULE :- 11 LOANS AND ADVANCES		
(Unsecured considered good)		
Advances recoverable in cash or in kind or for value to be received	196,407,382	30,205,914
Inter Corporate Deposits (To the company under the same management)	800,000,000	800,000,000
Deposits	58,686,866	60,468,707
Advances to Suppliers	71,140,776	69,975,390
Balance with Govt. Authorities	78,351,242	142,846,416
Advance Tax & TDS (Net of Provisions Rs Nil) [Refer Note No. 14 of Sch.22]	47,717,721	41,600,069
TOTAL	<u><u>1,252,303,987</u></u>	<u><u>1,145,096,496</u></u>
SCHEDULE :- 12 CURRENT LIABILITIES		
Sundry Creditors		
- Micro Small and Medium Enterprises (Refer Note No. 09 of Sch 22)	0	0
- Others	1,584,952,842	1,374,788,372
Statutory Liabilities	119,328,379	59,519,580
Other liabilities	118,348,844	39,309,242
Unclaimed Dividend *	1,009,484	1,014,556
Advances from Customers	24,872,367	94,288,473
Credit Balance in Current Account with Banks	16,862,669	9,171,867
TOTAL	<u><u>1,865,374,585</u></u>	<u><u>1,578,092,090</u></u>
(* there is no amount due to be transferred to investor education & protection fund)		
SCHEDULE :- 13 PROVISIONS		
For Fringe Benefit Tax	0	930,000
For Gratuity	15,634,897	13,489,845
For Leave Encashment	5,438,850	5,445,775
For Wealth Tax	69,500	91,100
TOTAL	<u><u>21,143,247</u></u>	<u><u>19,956,720</u></u>
SCHEDULE :- 14 MISCELLANEOUS EXPENDITURE		
[To the extent not written off or adjusted]		
Preliminary Expenses (Incl. Debenture issue expenses)		
Opening Balance	4,270,941	6,916,457
Less:- Written off during the year	2,645,516	2,645,516
TOTAL	<u><u>1,625,425</u></u>	<u><u>4,270,941</u></u>
SCHEDULE :- 15 PROFIT AND LOSS ACCOUNT		
Opening Balance	773,893,180	(85,046,930)
Loss for the Year	603,242,616	1,039,839,910
Total Balance of Profit and Loss Account	1,377,135,796	954,792,980
Less: General Reserve	0	180,899,800
TOTAL	<u><u>1,377,135,796</u></u>	<u><u>773,893,180</u></u>



SHAH ALLOYS LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year Ended on 31-03-2010 (Rupees)	For the Year Ended on 31-03-2009 (Rupees)
SCHEDULE :- 16 GROSS REVENUE FROM OPERATIONS		
a) Manufacturing Sales		
-Domestic	7,581,625,871	7,810,036,248
-Export (Including Export Incentives)	528,241,440	496,634,471
b) Electricity Distribution Income	94,785,393	713,289
c) Sale of Trading Goods	122,877,608	130,898,439
d) Pathology Lab	30,070,283	30,181,727
TOTAL	<u>8,357,600,595</u>	<u>8,468,464,174</u>
SCHEDULE :- 17 INCREASE IN STOCKS		
A) Closing Stocks		
- Finished Goods	1,173,508,954	695,374,744
- Semi-Finished Goods	172,041,994	305,194,779
Sub-Total (A)	<u>1,345,550,948</u>	<u>1,000,569,523</u>
B) Less : Opening Stocks		
- Finished Goods	695,374,744	762,862,323
- Semi-Finished Goods	305,194,779	130,787,570
Sub-Total (B)	<u>1,000,569,523</u>	<u>893,649,893</u>
TOTAL (A-B)	<u>344,981,425</u>	<u>106,919,630</u>
SCHEDULE :- 18 OTHER INCOME		
Sales Tax Refund	6,818,538	41,830,478
Foreign Exchange Fluctuation Gain (Net)	97,079,526	3,485,962
Interest Income	18,234,298	10,304,178
Miscellaneous Income	681,180	3,311,490
TOTAL	<u>122,813,542</u>	<u>58,932,108</u>
SCHEDULE :- 19 MATERIAL CONSUMED		
A) Raw Material :		
Opening Stock	293,192,397	296,397,136
Purchases	5,017,558,747	6,050,619,936
Pathology Chemicals & Consumable Purchase	15,120,940	15,733,505
	<u>5,325,872,084</u>	<u>6,362,750,577</u>
Less :Closing Stock	261,803,465	293,192,397
Sub Total (A)	<u>5,064,068,619</u>	<u>6,069,558,180</u>
B) Trading Goods		
Opening Stock		
Steel & Iron - Plate	0	0
Medicines	6,614,858	6,754,317


SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year Ended on 31-03-2010 (Rupees)	For the Year Ended on 31-03-2009 (Rupees)
Purchase		
Steel & Iron - Plate	12,480,006	0
Medicines	100,531,435	90,769,423
	<u>119,626,299</u>	<u>97,523,740</u>
Less: Closing Stock		
Steel & Iron - Plate	12,000,002	0
Medicines	6,158,102	6,614,858
Sub Total (B)	<u>101,468,195</u>	<u>90,908,882</u>
TOTAL (A+B)	<u>5,165,536,814</u>	<u>6,160,467,062</u>

SCHEDULE:- 20 MANUFACTURING & OTHER EXPENSES
A) Stores & Spares Consumed

Opening Stocks	552,586,614	524,317,941
Add:- Purchases	994,478,508	815,389,029
	<u>1,547,065,122</u>	<u>1,339,706,970</u>
Less:- Closing Stock	587,941,887	552,586,614
Sub-Total (A)	<u>959,123,235</u>	<u>787,120,356</u>

B) Power

Sub-Total (B)	<u>1,168,323,340</u>	<u>896,881,165</u>
Sub-Total (B)	<u>1,168,323,340</u>	<u>896,881,165</u>

C) Employee's Emoluments

Salaries , Wages & Bonus	241,455,358	197,817,502
Contribution to Provident Fund	8,521,864	8,095,367
Gratuity	4,215,682	3,637,486
Staff Emoluments	10,757,618	7,424,878
Sub-Total (C)	<u>264,950,522</u>	<u>216,975,233</u>

D) Repairs & Maintenance

(1) Factory Building	3,465,602	1,829,543
(2) Plant & Machinery	18,497,795	13,987,470
(3) Others	5,324,161	5,346,273
Sub-Total (D)	<u>27,287,558</u>	<u>21,163,286</u>

E) Other Manufacturing Expenses

Factory Labour Expenses	75,145,273	82,441,304
Excise Duty Provision on Closing Stock of Finished Goods (net)	55,329,363	(43,204,308)
Factory Expenses	13,082,562	9,285,561
Freight & Handling Charges.	142,861,791	130,481,158
Sub-Total (E)	<u>286,418,989</u>	<u>179,003,715</u>



SHAH ALLOYS LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	For the Year Ended on 31-03-2010 (Rupees)	For the Year Ended on 31-03-2009 (Rupees)
F) Other Expenses		
Donation	106,601	21,000
Selling & Distribution exps.	24,195,399	10,595,929
Commission	4,534,752	4,618,333
Railway Freight	0	18,678,333
Freight Outward	42,018,930	51,480,519
Travelling conveyance & vehicle exps.	10,122,716	10,366,731
Legal & Professional Charges.	10,256,795	10,516,717
General Expenses	7,902,343	6,631,449
Stationary & Printing Charges.	1,661,827	1,368,458
Auditors' Remuneration	600,000	1,200,000
Postage & Telephone Exps.	2,870,775	3,600,373
Sales Tax Expenses	0	1,924,299
Misc. Expenses Written off	2,645,516	2,645,516
Loss on Sale / Discard of Assets	0	505,015
Rent, Rates & Taxes	5,800,834	4,868,650
Insurance Premium Charges	3,379,032	2,629,276
Other Tax	69,500	91,100
Provision for claim / bad debt	0	11,788,938
Sundry Balances Written off	141,884	3,548,235
Sub-Total (F)	116,306,904	147,078,871
TOTAL :- (A+B+C+D+E+F)	2,822,410,548	2,248,222,627

SCHEDULE :- 21 INTEREST & FINANCE CHARGES

(Net of Amount transferred to Capital Expenses)

Interest on Term Loans	368,321,744	322,656,947
Interest on Working Capital	160,804,340	139,123,647
Sub Total	529,126,084	461,780,594
Less : Interest Refund (CDR)	0	19,059,249
Total Interest on Term Loan & Working Capital	529,126,084	442,721,345
Interest on Non Convertible Debentures	98,000,000	98,000,019
Foreign Exchange Fluctuation Loss (Net)	0	144,591,526
Other Interest & Finance Charges	104,121,123	66,306,315
TOTAL	731,247,207	751,619,205

**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 include 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 is 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.67.90 lacs].
- (b) Contingent Liability/Asset not Provided for in respect of :

Particular	Amount (Rs in Lacs) 31-03-2010	Amount (Rs in Lacs) 31-03-2009
Inland Letters of credit.	1784.20	863.71
Foreign Letters of credit.	2033.88	532.60
Disputed Income Tax Demand (net of Payment)	306.46	620.53
Disputed sales tax demand (net of Advance)	6.98	6.98
Disputed service tax demand	41.63	41.63
Disputed Excise Cenvat demand	10.98	-
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	239.03	167.86
Claim by Supplier (Quadrant Epp Surlon (I) Ltd.)	2.28	2.28
Claim by GEB	240.41	585.00
Corporate Guarantee given to L&T for Athiti Gokul	22.80	22.80

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. As on 31st March 2010 accumulated losses exceeds the paid up capital and free reserve, since the total erosion of net-worth has taken place the company has become a " Sick Industrial company" within the meaning of Sec 3(1)(o) of the sick industrial companies (Special Provision) act 1985. The company has made intimation to the Board of Industrial and Financial Reconstruction (BIFR) for erosion of more than fifty Percent of the net worth.
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 year 2008, company had again approached CDR Cell for extension of moratorium period and 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) As per the terms of the CDR, the company has brought in Promoters' contribution during the year.
 - (e) Deferment in repatriation of balances ICDs of Rs. 80 crores by two years from the date of revised CDR sanction.
6. Balances of Unsecured Loans, bank balances, 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 the Director.
 9. 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.
 10. 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.



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

	As at31st March 2010	As at31st March 2009
Payables against import of goods		
Rupees	272657425	142568828
US Dollar	5966830	2783325
J Yen	-	1833600
Euro	54734	-
Advance payment to suppliers		
Rupees	5125912	8080912
US Dollar	71836	136691
Pound Sterling	-	2296
Euro	31097	14099
Receivables against export of goods		
Rupees	2257510	14962507
US Dollar	50011	293775
Advance received from customers		
Rupees	6382161	405562
US Dollar	141386	7960
Term Loan payables (including interest)		
Rupees	-	58943242
US Dollar	-	1156872
FCCB Payable (Including Interest)		
Rupees	595991644	621950936
US Dollar	13203182	12207084

**12. SECURED LOANS**

		As at 31-3-2010 (Rupees)	As at 31-3-2009 (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. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah	4,02,20,05,259	3,66,85,44,192
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. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah	1,67,81,21,011	1,16,00,33,159
III.	Corporate Loan with Punjab National Bank Security in the nature of pledge of shares of the company.	22,94,58,923	22,94,58,923
IV.	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. Unconditional and irrevocable personal guarantee of the promoter-director Shri Rajendra Shah	100,00,00,000	100,00,00,000



		As at 31-3-2010 (Rupees)	As at 31-3-2009 (Rupees)
13	Sundry debtors include dues from director & Associate Concerns in which directors of the company are interested: - Kesar SAL Hospital & Medical Inst. - SAL Hospital & Medical Inst. (A division of SAL Care Private limited)	5,86,897 8,82,37,207	3,35,012 9,42,10,307
14	(A) Advance recoverable in cash or in kind includes Dues for Directors:	-	-
	(B) Inter corporate deposit include dues from Associate Concerns in which Directors are interested: SAL Steel Limited	80,00,00,000	80,00,00,000
	(C). Deposit include dues from Associate Concerns in which Directors are interested: Adarsh Foundation	1,00,00,000	1,00,00,000
15	Sundry Creditors Includes dues to associate concern in which directors of the Company are interested (a) SAL Steel Limited (b) SAL Hospital & Medical Institute	29,22,58,634 26,21,625	36,23,27,289 2,25,540
16	Prior Period Adjustments represents: (a) Power Expense (b) Other Operating (income)/ Expense – net Total	4,36,30,739 (12,84,747) 4,23,45,992	0 1,76,32,095 1,76,32,095
17	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:		
		2009-10	2008-09
	Employer's Contribution to Provident Fund	85,21,864	80,95,367
I.	Defined Benefit Plan Reconciliation of opening and closing balance of Defined Benefit obligation	Gratuity (Funded) 2009-10	Gratuity (Funded) 2008-09
	Defined Benefit obligation at beginning of the year	1,34,89,845	1,24,36,304
	On amalgamation	—	—
	Current Service Cost	28,81,058	25,86,615
	Interest Cost	11,12,912	9,94,904
	Actuarial (gain) / loss	2,21,712	55,967
	Benefits paid	(20,70,630)	(25,83,945)
	Settlement cost	—	—
	Defined Benefit obligation at the year end	1,56,34,897	1,34,89,845



II.	Reconciliation of opening and closing balance of fair value of plan assets	Gratuity (Funded) 2009-10	Gratuity (Funded) 2008-09
	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 10	Gratuity (Funded) As at 31st March 09
	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) 2009-10	Gratuity (Funded) 2008-09
	Current Service Cost	28,81,058	25,86,615
	Interest Cost	11,12,912	9,94,904
	Expected return on plan assets.	—	—
	Actuarial (gain) / loss	2,21,712	55,967
	Net Cost	42,15,682	36,37,486
V.	Investment Details	As at 31st March, 2010	As at 31st March, 2009
	Public Securities	—	—
	Special Deposit Schemes	—	—
	State Govt. Securities	—	—



	As at 31st March, 2010	As at 31st March, 2009
Private Sector Securities	—	—
Insurance Policies	—	—
Others (including bank balances)	—	—
VI. Actuarial assumptions	Gratuity (Funded) 2009-10	Gratuity (Funded) 2008-09
Discount rate (per annum)	8.25%	7.75%
Expected rate of return on plan assets (per annum)	-	-
Rate of escalation in salary (per annum)	7.00%	6.00%

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.

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.



18. SEGMENT DISCLOSURES FOR THE YEAR ENDED 31st MARCH 2010

I. Primary Segment Business

REVENUE	Stainless Steel Unit		Medical Stores & Pathology Lab. Unit		Total	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Domestic	7676411264	7810749537	151725526	159984587	7828136790	7970734124
Export - (Incl. Export Incentives)	528241440	496634471	0	0	528241440	496634471
Total Sales	8204652704	8307384008	151725526	159984587	8356378230	8467368595
Add: Inter Segment Sales	0	0	1222365	1095579	1222365	1095579
Total Segment Revenue Result	8204652704	8307384008	152947891	161080166	8357600595	8468464174
Segment Result	(143555888)	(857269873)	26435695	42803162	(117120193)	(814466711)
Less:						
- Interest	731247207	751619205	0	0	731247207	751619205
- Unallocable Other Expense.					1200000	1200000
Profit Before Taxation	(874803095)	(1608889078)	26435695	42803162	(849567400)	(1567285916)
Income Tax					0	0
- Current Tax & FBT					0	1197516
- Short Prov For Earlier Year'S W/O					0	0
-Deferred Tax					(246324785)	(528643522)
Net Profit					(603242615)	(1039839910)
Other Information						
Segment Assets	8358411636	7993137901	120838927	131157006	8479250559	8124294908
Segment Liabilities	9983982691	8735724698	19705591	22792991	10003688282	8758517689
Capital Expenditure	12590040	43177572	0	64000	12590040	43241572
Depreciation	335902103	347333102	584485	319889	336486588	347652991
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 in to 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 2010	Year ended 31 st March 2009
Revenue by Geographical Segment		
India	7,95,21,72,697	8,03,07,61,811
Outside India	52,82,41,440	496,634,471
Total	8,48,04,14,138	8,52,73,96,282
Addition to Fixed Assets and Intangible Assets		
India	NIL	679.118,502
Outside India	NIL	NIL
Carrying amount of Fixed Assets		
India	3,40,24,88,662	3,738,975,250
Outside India	NIL	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 8,35,76,00,595
Other income 12,28,13,542

Total 8,48,04,14,137



19. RELATED PARTY DISCLOSURES (STANDARD-18)

The Company has transactions with the following related parties :

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

Key management personnel : Shri Rajendra V Shah (Chairman) Bhupendra T. Jha (Jt.Managing Director w.e.f. 12-10-2009) B.S.Rawat (Jt.Managing Director upto 31-08-2009)

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

Nature of Transactions	Transactions during the year 2009-10	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 Bhupendrat T. Jha	Shri B. S. Rawat	Balances as at 31-03-2010
Purchase of goods	1675078121	1675078121	0	0	0	0	0	0	0	292258634
(P.Y. 2008-2009)	(3372562715)	(3372562715)	0	0	0	0	0	0	0	(362327289)
Purchase of Power	165247275	165247275	0	0	0	0	0	0	0	0
(P.Y. 2008-2009)	(141753147)	(141753147)	0	0	0	0	0	0	0	0
DEPOSITS GIVEN	0	0	0	0	0	0	0	0	0	10000000
(P.Y. 2008-2009)	0	0	0	0	0	0	0	0	0	(10000000)
Sales of Goods	146029073	59633263	86143925	251885	88824104					
(P.Y. 2008-2009)	(165028485)	(74626958)	(90209776)	(100861)	(90890)	0	0	0	0	(94545319)
Sales of Power	94785393	94785393	0	0						0
(P.Y. 2008-2009)	0	0	0	0	0	0	0	0	0	0
Receiving of services	2396085	0	2396085	0	0	0	0	0	0	2621625
(P.Y. 2008-2009)	0	0	0	0	0	0	0	0	0	(225540)
Rent paid	979600	960000	0	0	9600	10000	0	0	0	0
(P.Y. 2008-2009)	(259600)	(240000)	0	0	(9600)	(10000)	0	0	0	0
Loan Given	0	0	0	0	0	0	0	0	0	800000000
(P.Y. 2008-2009)	0	0	0	0	0	0	0	0	0	(800000000)
Repayment of Loan(net)	0	0	0	0	0	0	0	0	0	0
(P.Y. 2008-2009)	(150000000)	(150000000)	0	0	0	0	0	0	0	
Purchase of land	0	0	0	0	0	0	0	0	0	0
(P.Y. 2008-2009)	(10915500)	0	0	0	(10915500)	0	0	0	0	0
Loan Availed	0	0	0	0	0	0	0	0	0	16121787
(P.Y. 2008-2009)	(9000000)	0	0	0	(9000000)	0	0	0	0	(16121787)
Repayment of Loan Availed	0	0	0	0	0	0	0	0	0	0
(P.Y. 2008-2009)	(2162175)	0	0	0	(2162175)	0	0	0	0	0
Remuneration to Director	1873800	0	0	0	0	0	0	1138800	735000	0
(P.Y. 2008-2009)	(2037600)	0	0	0	0	0	(657600)	0	(1380000)	0
Investment in Sal Steel Ltd.	0	0	0	0	0	0	0	0	0	399496276
(P.Y. 2008-2009)	0	0	0	0	0	0	0	0	0	(399496276)



SHAH ALLOYS LIMITED

20. EARNING PER SHARE

PARTICULARS	Amount in Rs. 31-3-2010	Amount in Rs. 31-3-2009
- Net Profit/(Loss) for the year	(60,32,42,616)	(125,36,87,764)
- Number of equity shares at the beginning of the year	1,97,97,540	1,97,97,540
- 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 EPS before Extraordinary & Prior Period Items	(28.33)	(62.43)
- Diluted EPS before Extraordinary & Prior Period Items	(28.33)	(62.43)
- Basic EPS after Extraordinary & Prior Period Items	(30.47)	(52.52)
- Diluted EPS after Extraordinary & Prior Period Items	(30.47)	(52.52)

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

21. The breakup of Deferred Tax as at 31.03.2010 is as under.

PARTICULARS		(Amount in Rs.) 31-03-2010	(Amount in Rs.) 31-03-2009
DEFERRED TAX ASSETS.			
- Unabsorbed Depreciation and Business Loss		1,15,97,30,243	1,06,17,83,088
- Unabsorbed Capital Loss		26,942	27,569
- Others		37,47,86,471	24,45,62,258
TOTAL	[A]	1,53,45,43,656	1,30,63,72,915
DEFERRED TAX LIABILITIES.			
- Depreciation Difference	[B]	49,73,83,234	51,55,10,335
NET DEFERRED TAX	[A-B]	1,03,71,87,365	79,08,62,580

22. 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:	31-03-2010	31-03-2009
	(a) Salary	28,26,000	33,30,173
	(b) Other Perquisites	19,93,000	12,47,947
	(c) Sitting Fees	90,000	72,500
	Total :-	49,09,000	46,50,620
II.	Auditors' Remuneration:		
	(a) Audit Fees	6,00,000	12,00,000
	(b) Financial service Charges (paid to proprietor concern of the partner of M/s Parikh & Majmudar)	0	6,00,000
	(c) Certification charges	30,000	25,000



III. Capacity (As certified by Management)

Class of Products	Annual Licensed capacity [MT]		Annual Installed Casting Capacity [MT]	
	2009-10	2008-09	2009-10	2008-09
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	2009-10 Qty. (MT)	2008-09 Qty. (MT)
1. FINISHED GOODS		
a) Bars, Beams, Angles & wire rods	10,122.043	6,445.877
b) S.S. Flats	21,845.223	22,629.785
c) M.S. / S.S. Plates	56,226.533	53,475.420
d) S.S. HR / CR Coil	48,040.316	30,348.173
2. SEMI-FINISHED GOODS		
a) S.S.Slab,Billets,Blooms,Ingots,etc	143.406	13,955.819
TOTAL	1,36,377.521	1,26,855.074

Note: Production indicates Net Saleable Quantity.

The above production does not include Job work Production for the current Financial year - 9430.919 MT. Previous year - Nil.

V. TURNOVER (Excluding trading turnover)

Class of Goods	2009-10		2008-09	
	QTY[MT]	Value(Rupees)	QTY[MT]	Value(Rupees)
1. Finished Goods				
(a) Bars, Beams, Angles & wire rods	10,079.172	51,12,61,045	7,344.295	45,53,09,297
(b) S.S.Flats	21,799.740	1,20,75,96,269	22,416.395	1,65,88,06,994
(c) M.S/S.S.Plates	53,396.400	2,79,65,33,555	55,189.753	2,64,75,46,171
(d) S.S. HR / CR Coil	42,700.599	3,32,86,93,820	28,081.096	2,69,62,98,827
2. Semi-Finished Goods				
S.S.Slab, Billets, Bloom, Ingots etc.	329.155	1,67,92,610	10,566.282	83,69,38,776
3. Pathology Lab.		3,00,70,283		3,01,81,727
4. Electricity Distribution Income		9,47,85,393		7,13,289
5. Others		5,23,42,626		3,78,959
TOTAL	1,28,305.066	8,03,80,75,601	1,23,597.821	8,32,61,74,040
PREVIOUS YEAR	1,23,597.821	8,32,61,74,040	1,79,065.626	9,93,29,46,889

VI. OPENING AND CLOSING STOCKS

Class of Goods	Opening Stocks				Closing Stocks			
	As at01-04-2009		As at01-04-2008		As at31-03-2010		As at31-03-2009	
	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	708.011	3,33,21,200	1,606.429	9,08,68,054	750.882	3,29,97,253	708.011	3,33,21,200
b) S.S. Flats	491.316	2,20,31,257	277.926	1,63,99,962	536.799	2,86,22,628	491.316	2,20,31,257
c) M.S / S.S. Plates	4,661.147	19,60,35,696	6,375.480	28,26,30,140	7,491.280	33,18,92,726	4,661.147	19,60,35,696
d) M.S. / S.S HR Coil	6,399.596	39,10,49,711	4,132.519	27,68,22,980	11,739.313	67,66,42,631	6,399.596	39,10,49,711
e) Excise on Finished Goods		5,29,36,880		9,61,41,188		10,82,66,243		5,29,36,880
2) Semi-Finished Goods								
S.S.Slab ,Billets, Blooms, Ingots	6,177.131	30,51,94,779	2,787.594	13,07,87,569	4,791.382	17,20,41,994	6,177.131	30,51,94,779
TOTAL:	18,437.201	100,05,69,523	15,179.948	89,36,49,893	25,309.656	1,34,55,50,948	18,437.201	100,05,69,523
PREVIOUS YEAR:	15,179.948	89,36,49,893	15,837.246	1,35,15,65,501	18437.201	100,05,69,523	15,179.948	89,36,49,893



SHAH ALLOYS LIMITED



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

Class of Goods	2009-10		2008-09	
	QTY[MT]	Value(Rupees)	QTY[MT]	Value(Rupees)
RAW MATERIAL				
- Scrap	1,06,071.617	2,11,67,62,545	1,17,271.507	3,00,92,51,966
- Ferro Chrome	20,564.647	1,11,34,26,655	18,858.148	1,41,21,80,176
- Others	34,031.506	1,81,87,58,480	16,935.671	1,63,23,92,533
- Pathology, Chemical & Consumable		1,51,20,939		1,57,33,505
TOTAL	1,60,666.770	5,06,40,68,619	1,53,064.326	6,06,95,58,180
PREVIOUS YEAR	1,53,064.326	6,06,95,58,180	2,30,397.371	6,95,47,07,406

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.
M S Plate	-	-	343.300	1,24,80,006	-	-	343.300	1,20,00,002
Medical Stores	N.A	66,14,858	N.A	10,05,31,435	N.A	12,28,77,608	N.A	61,58,102
TOTAL	-	66,14,858	343.300	11,30,11,441	-	12,28,77,608	343.300	1,81,58,104
PREVIOUS YEAR	-	67,54,317	-	9,07,69,423	-	13,08,98,439	-	66,14,858

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

[1] RAW MATERIAL MANUFACTURING ACTIVITY

	Raw Materials	2009-10		2008-09	
		Value(Rupees)	(%)	Value(Rupees)	(%)
a)	Imported	44,67,69,170	8.82	54,45,61,384	8.97
b)	Indigenous	4,61,72,99,449	91.18	5,52,49,96,796	91.03
	TOTAL	5,06,40,68,619	100.00	6,06,95,58,180	100.00
	PREVIOUS YEAR	6,06,95,58,180	100.00	6,95,47,07,406	100.00

[2] TRADING ACTIVITY

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

Particular	2009-10		2008-09	
	Value(Rupees)	(%)	Value(Rupees)	(%)
a) Imported	0	0	0	0
b) Indigenous	11,30,11,441	100.00	9,07,69,423	100.00
TOTAL	11,30,11,441	100.00	9,07,69,423	100.00
PREVIOUS YEAR	9,07,69,423	100.00	8,46,25,504	100.00

**[3] STORES CONSUMED**

Particulars	2009-10		2008-09	
	Value(Rupees)	(%)	Value(Rupees)	(%)
a) Imported	13,03,09,806	13.59	5,45,30,452	6.93
b) Indigenous	82,88,13,429	86.41	73,25,89,904	93.07
TOTAL	95,91,23,235	100.00	78,71,20,356	100.00
PREVIOUS YEAR	78,71,20,356	100.00	99,57,85,811	100.00

X.	CIF VALUE OF IMPORTS	2009-10 (Rupees)	2008-09 (Rupees)
i)	Raw Materials	43,78,61,455	46,22,31,792
ii)	Stores & Spares	13,12,12,690	4,86,68,662
XI.	Expenditure in Foreign Currency		
i)	Traveling Expenses	7,64,983	5,64,131
ii)	Commission on Export Sales.	15,62,756	10,28,556
iii)	Other Expenses	12,14,988	37,963
iv)	Commission on Hedge Gain	0	1,95,749
XII.	Earning in Foreign Exchange		
i)	FOB Value of exports	32,37,69,593	47,29,99,148
ii)	Gain on Hedging	0	34,85,962

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

24. 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

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

As per our report of even date attached
For Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : 15-04-2010

**For and on behalf of Board of Directors of
Shah Alloys Limited**

Shri Rajendra V. Shah

Chairman

Shri K S Kamath

Executive Director

Shri Ashok Sharma

Whole Time Director Director

20th Annual Report



INFORMATION REFERRED TO IN NOTE 24 OF SCHEDULE 22 TO THE NOTE ON ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2010.

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 1 0	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	1 0 9 4 2 9 1 7	Total Assets	1 0 9 4 2 9 1 7
Sources of Funds			
Paid-up Capital	0 1 9 7 9 7 5	Reserves & Surplus	0 7 4 1 2 5 3
Secured Loans	7 1 6 2 3 5 8	Unsecured Loans	0 9 5 4 8 1 2
Application of Funds			
Net Fixed Assets	3 5 7 3 0 8 3	Investments	0 3 9 9 5 0 6
Net Current Assets	2 6 6 7 8 6 1	Misc. Expenditure	0 1 6 2 5
Accumulated Losses	1 3 7 7 1 3 6	Deferred Tax Asset	1 0 3 7 1 8 7
IV. Performance of Company (Amount Rs. in Thousands)			
Turnover (Incl. other income)	8 4 8 0 4 1 4	Total Expenditure	0 9 3 2 9 9 8 1
Profit/Loss before tax	- 0 8 4 9 5 6 7	Profit/Loss after tax	- 0 6 0 3 2 4 3
Earning per Share in (Rs.)	- 3 0 . 4 7	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 Talati & Talati
Chartered Accountants
FRNo: 110758W

Umesh Talati
Partner
M.No. 34834

Place : Ahmedabad
Date : 15-04-2010

**For and on behalf of Board of Directors of
Shah Alloys Limited**

Shri Rajendra V. Shah Chairman
Shri K S Kamath Executive Director
Shri Ashok Sharma Whole Time Director Director



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 **20TH ANNUAL GENERAL MEETING** of the Company held on Friday, 24th September, 2010 at 9.30 A.M. at SAL Institute & Engineering Research, Opp Science City, Ahmedabad – 380 060.

SIGNATURE OF THE SHAREHOLDER OR PROXY

Applicable for investors holding shares in electronic form.

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 **20TH Annual General Meeting** to be held on Friday, 24th September, 2010 at 9.30 A.M. at SAL Institute & Engineering Research, Opp Science City, Ahmedabad – 380 060.

Signed this _____ day of _____ 2010

- 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.

