



NOTICE

Notice is hereby given that the **TWENTY- SECOND ANNUAL GENERAL MEETING** of the Members of **STEELCO GUJARAT LIMITED** will be held on Saturday, the 29th September, 2012 at 3:30 P.M. at its Registered Office- Plot No. 2, GIDC Estate, Palej-392 220, Dist. Bharuch, Gujarat, to transact the following business:

**ORDINARY BUSINESS :**

1. To receive, consider and adopt Audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date together with Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. R. P. Chandaria who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. J Mehra who retires by rotation and being eligible offers himself for reappointment.
4. To appoint M/s. Mukesh M. Shah & Co., Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board to fix their remuneration.

**SPECIAL BUSINESS:**

**5. APPOINTMENT OF AND FIXATION OF REMUNERATION PAYABLE TO MR. N. M. MOHNOT AS MANAGING DIRECTOR OF THE COMPANY:**

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

“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956 and subject to statutory approvals, if any, approval, be and is, hereby accorded to the appointment of Mr. N.M. Mohnot as Managing Director of the Company for the period beginning 9<sup>th</sup> November, 2011 to 14<sup>th</sup> June, 2014 on the terms and conditions of appointment including minimum remuneration payable, as set out in the draft agreement to be entered into by the Company with him, with liberty to the Board of Directors to alter and / or to vary the terms and conditions of the said Agreement, including the terms of remuneration as may be agreed to between the Board of Directors and Mr. N. M. Mohnot.

**RESOLVED FURTHER THAT** Mr. N. M. Mohnot shall neither be paid any sitting fees for attending meetings of the Board of Directors or its committees from the date of his appointment nor be liable to retire by rotation nor be reckoned with for determining the number of directors liable to retire by rotation, till the time he holds the office as Managing Director”.

**6. CONSENT TO HOLD OFFICE/PLACE OF PROFIT TO M/S AMFIN FINSER (INDIA) LLP PURSUANT TO SECTION 314(1) OF THE COMPANIES ACT, 1956.**

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

“**RESOLVED THAT** consent, be and is, hereby accorded pursuant to Section 314(1) and other provisions applicable, if any, of the Companies Act, 1956 to M/s Amfin Finser (India) LLP, a Limited Liability Partnership in which Mr. Mahendra Lodha, a Director of the Company is interested as a partner, to hold office/place of profit as financial advisor for corporate debt restructuring of the Company, on the terms and conditions as agreed.”

**7. EXTENSION IN TENURE FOR REDEMPTION OF PREFERENCE SHARES**

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

“**RESOLVED THAT** pursuant to Section 80, 106 and other provisions applicable, if any, of the Companies Act, 1956 read with Clauses 3, 55A and other clauses applicable, if any, of the Articles of Association of the Company and provisions of any other Act as applicable and subject to the approval of requisite authority(ies) including Stock Exchanges, Securities & Exchange Board of India (SEBI), Reserve Bank of India, wherever necessary, consent, be and is, hereby accorded to the Board of Directors of the Company (‘the Board’ which expression shall include the Committee of the Directors of the Company) to extend the redemption of 3,28,20,000 12.5% Cumulative Redeemable Preference Shares of ` 10/- each from the year 2023 to 2026 or until the accumulated losses of the Company are completely wiped off whichever is earlier on such other terms and conditions including variation in existing terms and conditions as the Board may think fit, provided that such variation in terms is acceptable to the Preference Shareholder.”

**8. MINIMUM REMUNERATION TO MR. N. M. MOHNOT AS DY. MANAGING DIRECTOR IN CASE OF ABSENCE OR INADEQUACY OF PROFITS.**

To consider and if thought fit, to pass with or without modification following resolution as Special Resolution.

“**RESOLVED THAT** in modification of special resolution passed by the shareholders of the Company at their annual general meeting held on 29th September, 2011 inter alia, in respect of remuneration payable to Mr. N. M. Mohnot, as Dy. Managing Director w.e.f. 15th June, 2011, that the said remuneration be paid to him as a minimum remuneration in case of absence or inadequacy of profits even if it may exceed the limits of Schedule XIII of the Companies Act, 1956 provided it is approved by the Central Government.

**9. MINIMUM REMUNERATION TO MR. KRISHNAKUMAR M. JOSHI, AS A MANAGING DIRECTOR IN CASE OF ABSENCE OR INADEQUACY OF PROFITS.**

To consider and, if thought fit, to pass with or without modification following resolution as Special Resolution.

“**RESOLVED THAT** in modification of special resolution passed by the shareholders of the Company at their annual general meeting held on 29th September, 2011 inter alia, in respect of remuneration payable to Mr. KrishnaKumar M. Joshi, as Managing Director w.e.f. 20th June, 2011, that the

said remuneration be paid to him as a minimum remuneration in case of absence or inadequacy of profits even if it may exceed the limits of Schedule XIII of the Companies Act, 1956 provided it is approved by the Central Government.

**10. REORGANISATION OF AUTHORISED SHARE CAPITAL OF THE COMPANY:**

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

**“RESOLVED THAT** the approval, be and is, hereby accorded to the reorganization of the existing authorized capital from ` 1,50,00,00,000/- divided into 10,00,00,000 Equity Shares of ` 10/- each and 5,00,00,000 Preference Shares of ` 10/- each to 7,50,00,000 Equity Shares of ` 10/- each and 7,50,00,000 Preference Shares of ` 10/- each.”

**“RESOLVED FURTHER THAT** the existing Clause V of the Memorandum of Association of the Company, be and is, hereby amended pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956 by way of substitution by new Clause as follows:

“Authorized Share Capital of the Company is ` 1,50,00,00,000/- (Rupees One Fifty Crores only), divided into 7,50,00,000 Equity shares of ` 10/- (Rupees Ten only) each and 7,50,00,000 Preference shares of ` 10/- (Rupees Ten only) each.”

**11. ISSUE OF 1,85,00,000 CUMULATIVE REDEEMABLE PREFERENCE SHARES TO PROMOTERS OF THE COMPANY AND/OR ITS NOMINEE(S) PURSUANT TO CORPORATE DEBT RESTRUCTURING SCHEME:**

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

**“RESOLVED THAT** in accordance with and subject to the provisions of Section 80, 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956, Foreign Exchange Management Act, 1999, the Foreign Exchange (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, the Securities and Exchange Board of India (SEBI) Act, 1992, Listing Agreement and any other applicable laws, if any, as well as rules, regulations, notifications, circulars, schemes and guidelines framed thereunder and other concerned and relevant authorities, if any, and the relevant provisions of the Memorandum and Articles of Association of the Company; and subject to such approvals, consents, permissions, or sanctions of the Government of India (GOI), RBI, SEBI and any other Indian/Overseas appropriate authorities, institutions, Stock Exchange/s or bodies as may be necessary and subject to such terms, conditions, stipulations, alterations, amendments, modifications or variations as may be prescribed by any of them in granting any such approvals, consents, permissions, or sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee of Directors for the time being authorised by the Board of Directors to exercise the powers conferred by this resolution), the Board, be and is, hereby authorized to create, offer, issue and allot on

preferential basis on behalf of the Company, 1,85,00,000 Cumulative Redeemable Preference Shares of ` 10/- each of the Company aggregating to ` 18,50,00,000 to the promoters of the Company and / or its nominee(s) in order to implement one of the conditions of the Corporate Debt Restructuring scheme (CDR) in one or more lots and such offer, issue, and allotment to be made, at such time or times, as may be permissible and/or required, at such price or prices at par or premium, in such form and manner and on such other terms and conditions as may be decided and deemed appropriate by the Board at its absolute discretion at the time of such offer, issue and allotment, subject however, to the applicable guidelines, rules, regulations, notifications, circulars and applicable statutory provisions including SEBI (ICDR) Rules, as also CDR Package as approved by CDR Empowered Group as may be applicable to the Company at the time of such offer.”

**“FURTHER RESOLVED THAT** the Board of Directors be and is hereby authorised to do all the acts, deeds, matters and things as may be necessary or expedient to give effect to the aforesaid resolution without approaching the members in General Meeting of the Company.”

**“FURTHER RESOLVED THAT** to give effect to the aforesaid resolution, the Board, be and is, hereby authorized to delegate all or any of the powers herein conferred to any committee of Directors comprised of Dr. R.S.Mamak Executive Vice Chairman, Mr. N. M. Mohnot, Managing Director and Mr. Mahendra Lodha, Director of the Company or any Director or other officer(s) of the Company, or to any intermediary or agent of the Company or to such other person(s) as the Board may think fit and necessary at its absolute discretion.”

**“FURTHER RESOLVED THAT** pursuant to Section 80, 106 and other provisions applicable, if any, of the Companies Act, 1956 as well as in accordance with and subject to Foreign Exchange Management Act, 1999, the Foreign Exchange (Transfer or issue of Security by a person Resident Outside India) Regulations, 2000, the SEBI Act, 1992, Listing Agreement and any other applicable laws, if any, as well as rules, regulations, notifications, circulars, schemes and guidelines framed there under and other concerned and relevant authorities, if any, and the relevant provisions of the Memorandum and Articles of Association of the Company and subject to such approvals from GOI, RBI, SEBI and any other Indian/Overseas appropriate authorities, institutions, stock exchange, or bodies as may be necessary and subject to such terms and conditions and alterations as may be prescribed by them in granting approvals and which may be agreed to by the Board, approval, be and is, hereby accorded to the Board to vary any terms and conditions of the aforesaid preference shares, from time to time including extension of time for redemption, conversion and rate of dividend as acceptable to the Preference shareholder(s).”

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

Place : New Delhi  
Date : 15.06.2012

**N. M. Mohnot**  
Managing Director



**NOTES :**

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

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

- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from 23.09.2012 to 29.09.2012 (both days inclusive).
- (c) Members are further requested to:
- Intimate changes, if any, in their registered addresses to the Share Transfer Agent for shares held in physical form and to their respective Depository Participants for shares held in electronic form.
  - Quote Registered Folio number in all the correspondence.
  - Consolidate folios, if shareholdings are under multiple folios.
  - Bring their copies of Annual Report and the Attendance slips with them at the Annual General Meeting.
- (d) Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item nos. 5 to 11 of the notice has been annexed to the notice.

**ANNEXURE TO NOTICE**

**EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956, TO THE ACCOMPANYING NOTICE DATED 15TH JUNE, 2012:**

**ITEM NO. 5**

**APPOINTMENT OF AND REMUNERATION PAYABLE TO MR. N. M. MOHNOT AS MANAGING DIRECTOR:**

Keeping in view, the prolonged dedicated services and wise counsel of Mr. N. M. Mohnot since 1995, your Directors at their meeting held on 9th November, 2011 have appointed Mr. N. M. Mohnot as Managing Director for the period from 9th November, 2011 to 14th June, 2014 on the following major terms and conditions:

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

**II. REMUNERATION:**

**BASIC SALARY :** ` 4,25,000 p.m. including dearness allowance with the grade of ` 50,000 from ` 4,25,000 p.m. to ` 6,25,000 p.m.

**III. PERQUISITES AND ALLOWANCES :**

**PART – A**

- (i) Leased air-conditioned accommodation duly furnished on rental basis, including maintenance charges.
- (ii) Gas, Electricity and Water, Municipal and Property Taxes etc. at actuals.

- (iii) Soft furnishing at actuals once in three years.
- (iv) Club fees (maximum of two clubs).
- (v) Personal accident and medical insurance,
- (vi) Use of car (if required) and telephone at residence,
- (vii) Medical expenses incurred for self and all dependent family members subject to a ceiling of one month's basic salary per year or three months' basic salary over a period of three years,
- (viii) Leave Travel Concession once in a year from the place of residence to anywhere in world by air (business class) or by train (AC first class) for self and all dependent family members, (ix) Hospitalization reimbursement in accordance with the scheme and rules of the Company.
- (x) Uniform, Washing, Books & Periodicals and Special Allowance aggregating to ` 37,650/- per month.

**PART B**

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

**PART C**

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

**MINIMUM REMUNERATION**

Notwithstanding anything to the contrary herein contained, wherein in any financial year, during the currency of the tenure of Mr. N.M. Mohnot as a Managing Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration and bonus by way of salary and perquisites as specified above in accordance with Schedule XIII as may be allowable from time to time or approved by the Central Government as the case may be.

**IV. TERMINATION:**

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

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

The draft agreement to be executed between Mr. N. M. Mohnot and the Company is available for inspection to any member of the Company at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m on any working day upto the date of the Annual General Meeting except Saturdays and Sundays.

Your Directors seek your approval by way of Special Resolution as set out in item No. 5 of the accompanying Notice. Additional

information as required under Schedule XIII to the Companies Act, 1956 is also annexed as Annexure 'I' of the accompanying Notice.

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

#### **ITEM NO. 6**

#### **CONSENT TO HOLD OFFICE / PLACE OF PROFIT TO AMFIN FINSER (INDIA) LLP PURSUANT TO SECTION 314(1) OF THE COMPANIES ACT, 1956:**

The Company has awarded Advisory Assignment for restructuring liabilities of the Company to M/s. Amfin Finser (India) LLP, a well reputed professional Limited Liability Partnership in which Mr. Mahendra Lodha, Director of the Company is interested as a Partner, on the terms and conditions including lump sum remuneration of ` 20 lacs agreed upon by the Company with them vide their letter dated 3rd October, 2011.

Your Directors seek your consent to the resolution as set out in item no.6 of the accompanying notice by way of Special Resolution relating to holding office/place of profit by M/s. Amfin Finser (India) LLP as aforesaid pursuant to Section 314(1) of the Companies Act, 1956.

A copy of aforesaid letter is available to any member for inspection at the Registered Office of the Company between 11:00 a.m. to 1:00 p.m. on any working day upto the date of Annual General Meeting excluding Saturdays and Sundays.

No Director, except Mr. Mahendra Lodha, shall be deemed to be interested or concerned in the said resolution.

#### **ITEM NO. 7**

#### **EXTENSION IN TENURE FOR REDEMPTION OF PREFERENCE SHARES**

Redemption of 3,28,20,000 12.5% 15 Years Cumulative Redeemable Preference Shares of ` 10/- each aggregating to ` 32.82 Crores, issued to M/s. SPICA Investments Ltd. (SPICA), a promoter of the Company, on private placement basis falls due in 2023.

The Bankers' consortium advised the Company to extend the redemption by three years from the year 2023 to the year 2026. SPICA, a sole Preference Shareholder, has already provided its consent on 4th November, 2011 for extending the redemption from 2023 to 2026 or until accumulated losses of the Company are completely wiped off, whichever is earlier.

Your approval is sought to the resolution as appearing in item no.7 of the accompanying notice by way of Special Resolution relating to authority to the Board of Directors for extension of time as also other variation in the terms and conditions acceptable to SPICA subject to applicable laws.

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

#### **ITEM NOS. 8 & 9**

As you aware, remuneration payable to Mr. N. M. Mohnot, as Dy. Managing Director and to Mr. Krishnakumar M. Joshi (the then Managing Director) has already been approved by you by way of special resolution at the annual general meeting held on 29th September, 2011. However, for the sake of clarification and in line with the undertaking furnished to the Central Government, it is proposed to pass resolution to the effect that

the remuneration payable to them as approved by you may be paid as a minimum remuneration even if, it may exceed the limits of Schedule XIII of the Companies Act, 1956, provided, it is approved by the Central Government.

Details of remuneration as already approved are available to any member of the Company at the registered office of the Company between 11:00 a.m. to 1:00 p.m. on any working day upto the date of Annual General Meeting except Saturdays and Sundays.

Your Directors seek your approval by way of Special Resolution as set out in item nos. 8 & 9 of the accompanying notice.

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

#### **Item Nos. 10 & 11:**

In line with the decision taken at the Joint meeting of Lenders of the Company held on 2nd May, 2012, inter alia, the promoters shall bring in ` 18.50 Crores by way of Redeemable Cumulative Preference shares.

Hence, it is proposed to issue 1,85,00,000 Cumulative Redeemable Preference shares of ` 10 each aggregating to ` 18,50,00,000 to the promoters of the Company and / or its nominee(s).

It is proposed to authorise Board of Directors (including Committee of Directors authorised by the Board of Directors) to allot aforesaid shares on such other terms and conditions as it thinks fit as also to vary any terms and conditions from time to time including extension of tenure for lumpsum, conversion and rate of dividend as applicable to Preference Shareholder(s) subject to prevailing laws as well as rules and regulations framed thereunder and approval from requisite authorities as also in consonance with the terms and conditions of CDR Package whose final approval is awaited.

A copy of the minutes of Joint meeting of Lenders of the Company held on 2nd May, 2012 will be available for inspection to the members of the Company at the Registered office of the Company during the period of 11:00 a.m. to 1:00 p.m. on all working days (except Saturdays and Sundays) up to the date of Annual General Meeting.

Present Paid up Preference share capital of the Company is ` 32.82 Crores. With the proposed further allotment of Preference shares of ` 18.50 Crores, post allotment preference share capital would be ` 51.32 Crores which would exceed the present Authorised Preference Share Capital of ` 50 Crores.

Hence, it is proposed to reorganise existing authorized share capital from ` 150,00,00,000 divided into 10,00,00,000 Equity Shares of ` 10/- each and 5,00,00,000 Preference shares of ` 10/- each to 7,50,00,000 Equity shares of ` 10/- each and 7,50,00,000 Preference shares of ` 10/- each.

Your Directors seek your approval to resolutions as appearing in item no. 10 by Ordinary Resolution and item no. 11 by Special Resolution to the accompanying notice.

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

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

Place : New Delhi  
Date : 15.06.2012

**N. M. Mohnot**  
Managing Director



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

Name of Director	<b>Mr. R. P. Chandaria</b>	<b>Mr. Jatinder Mehra</b>
Date of Birth	24.10.1922	03.03.1939
Date of Appointment	08.07.1989	23.03.1999
Expertise	Technocrat	Technocrat
Qualifications	Graduate	Engineering Graduate
List of Public Companies in which outside Directorship held as on 31 <sup>st</sup> March, 2012 \$	Aegis Logistics Limited	Essar Steel India Ltd. Microgenetics Systems Ltd. Essar Steel Jharkhand Ltd. Essar Steel Chhatisgarh Ltd. Essar Power (Orissa) Ltd. Essar Mineral Resources Ltd. Essar Power MP Ltd. Essar Power Gujarat Ltd. Essar Power Hazira Ltd. Paradeep Steel Company Ltd. Essar Services India Ltd.
Chairmanship / Membership of the Committees of the Board in which outside Directorship held as on 31 <sup>st</sup> March, 2012 @	NIL	<b>Audit Committee Membership:-</b> Essar Steel India Ltd. <b>Shareholder Grievances Committee Membership:-</b> Essar Steel India Ltd.
No. of Shares held	NIL	NIL

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

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

**ANNEXURE 'I'**

**Additional information as required under Schedule XIII to the Companies Act, 1956 are as follows:**

**I. General Information:**

**(1) Nature of Industry:**

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

**(2) Commencement of Commercial Production:**

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

**(3) Financial performance:**

(` In Lacs)

Particulars	Financial Year	
	2011-12	2010-11
Effective Capital	692.48	3883.79
Total Income	47121.33	53792.40
Profit /(loss) (Before Tax)	(2870.59)	332.35

**(4) Export performance and Net Foreign Exchange Earning:**

(` In Lacs)

Particulars	Financial Year	
	2011-12	2010-11
Exports	27131.57	31577.20
Net Foreign exchange earned	25897.32	29838.46

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

**II. INFORMATION ABOUT THE APPOINTEE DIRECTOR:**
**(1) Background Detail of the Managerial Personnel:**

Mr. N. M. Mohnot is a science baccalaureate and a Chartered Accountant. Right from the inception of his career spanning more than 34 years, he has held various senior positions at reputed business houses; in addition to international assignments. He joined the Company in 1995 as President (Finance), was promoted as 'Director (Finance)' in 1999 and was re-designated as 'Dy. Managing Director' of the Company in 2005.

**(2) Past Remuneration: Per Annum:**

(Amount in `)

Sr. No.	Particulars	Mr. N. M. Mohnot Managing Director@
1	Basic Salary	46,06,667
2	Retiral Benefits*	12,43,800
3	Other Benefits & Allowances	10,23,807

@ Upto 8<sup>th</sup> November 2011 as Dy. Managing Director.

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

**(3) Recognition or awards :**

The Company has no information to offer.

**(4) Job Profile and suitability:**

Mr. N. M. Mohnot as Managing Director of the Company is vested with powers of general conduct and management of the business and affairs of the Company subject to the overall superintendence, control and direction the Board.

Having regard to academic and professional background as well as vast industry experience of Mr. N. M. Mohnot, which is, in parity with the job profile, your directors are of the opinion that he is suitable to hold this position and proposed remuneration is reasonable.

**(5) Remuneration proposed:**

Remuneration payable to Mr. N. M. Mohnot as Managing Director with effect from 9th November, 2011 is ` 4,25,000/- per month with the grade of ` 50,000/- from ` 4,25,000/- p.m. to ` 6,25,000/- p.m. plus perquisites as per the Resolution passed by the

Board of Directors in its meeting held on 9th November, 2011.

- (6) Mr. N. M. Mohnot is not related to any managerial personnel of the Company.

**III. OTHER INFORMATION:**
**1. Reasons for losses:**

- 34 days of labour strike and frequent disruption in production by the workers reduced the capacity utilization to 64% during the year (for the products manufactured); also resulting into abnormal increase in processing cost.
- Increase in financial cost due to higher interest rates on working capital.
- Forex losses of ` 177 lacs due to sharp depreciation of the rupee and volatility in the forex market as well as compulsory winding up of PCFC.
- Steep increase in cost of power and fuel which could not be passed on to the customers.

**2. Steps taken for improvement:**

- Strike was called off by the workers and a wage settlement has been concluded for a period of 3 years.
- Sanction of debt restructuring by the CDR cell will address the issue of paucity and cost of working capital as well as funding of necessary capital expenditure for de-bottle necking and technology upgradation.
- To mitigate the increase in power cost, the Company has started purchasing power through the Open Access Mechanism.

**V. DISCLOSURE:**

Remuneration package of Mr. N. M. Mohnot is set out in the Corporate Governance Report for the information of shareholders.

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



**DIRECTORS' REPORT**

To  
The Members,

Your Directors have pleasure in presenting the Twenty Second Annual Report of your Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2012.

**1. FINANCIAL HIGHLIGHTS**

	Current Year Ended 31.03.12	Previous Year Ended 31.03.11
		(` in Lacs)
Sales / Other Income (Net of Excise Duty)	<b>47121.33</b>	53792.40
Profit before Depreciation & Interest	<b>736.16</b>	3676.47
Depreciation	<b>1242.98</b>	1233.39
<b>Profit / (Loss) before Interest &amp; Financial Charges</b>	<b>(506.82)</b>	2443.08
Interest & Financial Charges	<b>2363.77</b>	2110.73
<b>Profit / (Loss) after Interest &amp; Financial Charges</b>	<b>(2870.59)</b>	332.35
Excess Provision written back	-	-
<b>Net Profit / (Loss) before Tax</b>	<b>(2870.59)</b>	332.35
Tax	-	80.00
<b>Net Profit / (Loss) after Tax</b>	<b>(2870.59)</b>	252.35

**2. DIVIDEND**

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

**3. REVIEW OF OPERATIONS**

During the year under review, the Company has incurred a net loss of ` 2,871 Lacs on turnover of 77114 MT valuing ` 47,121 Lacs against a net profit of ` 332 Lacs on turnover of 94932 MT valuing ` 53,792 Lacs in the previous year. Correspondingly, the Company has incurred a cash loss of ` 1628 lacs during the year as compared to a cash profit of ` 1566 lacs for the year ended 31<sup>st</sup> March, 2011.

This can be mainly attributed to the following reasons given below:-

- (i) Capacity utilization reduced to 64% for the products manufactured, due to loss of production for 34 days of labour strike and frequent disruption in production during the year. Further, go-slow approach by workers also increased the production costs abnormally.
- (ii) Financial costs increased on account of higher interest rate and related costs.
- (iii) Forex losses of ` 177 lacs due to steep depreciation of rupee and subsequent volatility as well as compulsory winding up of PCFC by banks.

**4. EXTENSION OF REDEMPTION DATE OF PREFERENCE SHARES**

Your Company had issued 3,28,20,000 12.5% Cumulative Redeemable Preference Shares of ` 10/- each valuing ` 32,82,00,000/- on private placement basis to M/s. SPICA Investments Ltd., promoter of the Company, on 29th September, 2008. These shares were due for redemption in the year 2023. However, during the year, M/s. SPICA Investments Limited has confirmed extending the redemption date by a period of three years from the year 2023 to the year 2026 or until the accumulated losses of the Company are completely wiped off, whichever is earlier.

**5. CORPORATE DEBT RESTRUCTURING**

Your Company has been facing working capital shortage on account of losses. Considering this in addition to the capex required for technological upgradation and de-bottlenecking of existing capacities, your Directors at their meeting held on 9th November, 2011 discussed and approved a proposal for Corporate Debt Restructuring to CDR Cell. The proposal has been admitted by the CDR Cell vide ref. letter No. CDR (ATR) No. 6377/2011-12 dated 24-02-2012.

**6. BOARD OF DIRECTORS**

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

Mr. K. M. Joshi resigned as a Managing Director on 31st October, 2011. Mr. N. M. Mohnot was appointed as a Managing Director on 9th November, 2011.

**7. AUDITORS**

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

## 8. COST AUDITORS

Your Directors have appointed M/s. A. G. Tulsian & Co., Cost Accountants, as Cost Auditors in compliance with the Companies (Cost Accounting Records) Rules, 2011.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- That in the preparation of the annual accounts, applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the loss of the Company for the year under review;
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- That the Directors have prepared annual accounts on a going concern basis.

## 10. PARTICULARS OF EMPLOYEES

The particulars of employees as required under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 are set out below:

S. No.	Name	Age (Yrs)	Designation	Remuneration (₹)	Qualification	Date of Commencement of employment	Experience (Yrs.)	Last Employment held	Designation
1	Mr. N.M. Mohnot	58	Managing Director	68,74,274/-	B.Sc., C.A.	29.09.1995	32	Indian Rayon Corporation Ltd. (Unit: Jayshree Insulators)	President
2#	Mr. K.M. Joshi	61	Managing Director	66,95,289/-	B.E. (Mechanical), M.M.S.	20.06.2011	36	Greaves Cotton Ltd. (Auxiliary Power Division)	Executive Vice President

# Employed for part of the year.

### Notes:

- Remuneration includes Salary, Allowances, Contribution to retiral benefits and monetary value of perquisites at cost to the company.
- Above Directors do not hold by themselves or along with their spouse and dependent children, any share of the company.
- Above Directors' services are of contractual nature.

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

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure 'A', forming part of this report.

## 12. CORPORATE GOVERNANCE

Your Company is compliant of all mandatory requirements pursuant to Clause 49 of Listing Agreement. A separate report on Corporate Governance compliance and a Management Discussion and Analysis Report as stipulated by the Clause 49 of the Listing Agreement forms part of the Annual Report along with the required certificate from the Practicing Company Secretary regarding compliance of the conditions of Corporate Governance as stipulated by the revised Clause 49 of the Listing Agreement.

The detailed Operational Performance of the Company has been comprehensively discussed in the Management Discussion and Analysis Report, which forms part of Directors' Report.

## 13. APPRECIATION AND ACKNOWLEDGEMENT

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

For and behalf of the Board of Directors

Place : New Delhi  
Date : 15<sup>th</sup> June, 2012

**Dr. R.S. Mamak**  
Executive Vice-Chairman





**ANNEXURE 'A' TO THE DIRECTORS' REPORT**

PARTICULARS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

**I. CONSERVATION OF ENERGY**

**Energy Conservation & Pollution Control measures taken:**

The Energy optimization scheme and pollution control measures are continuously reviewed and improved as an ongoing exercise. Company is also fully meeting the requirement of local Pollution Control Board.

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

**A. Power and Fuel Consumption -**

	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
<b>1 ELECTRICITY</b>		
(a) Purchased (Units in '000 KWH)	21,661.06	25,964.46
Total Amount (₹ in Lacs)	1,429.00	1,665.00
Rate/Unit (₹)	6.60	6.41
(b) Own generation (through Diesel Generator)		
Units (KWH)	-	-
Units per Ltr. of Fuel	-	-
Cost/Unit (₹)	-	-
<b>2 LIGHT DIESEL OIL</b>		
Quantity (Ltrs.)	98,190.00	39,020.00
Total Cost (₹ in lacs)	55.27	20.35
Rate / Unit per Ltr (₹)	56.29	52.15
<b>3 CNG</b>		
Quantity (SCM)	31,77,451.00	34,89,017.00
Total (₹ in Lacs)	809.99	642.64
Rate / Unit (₹)	25.49	18.42

**B. Consumption per Unit of Production –**

PRODUCT	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
<b>Cold Rolled (Steel) Coils / Sheets &amp; GP/GC Coils / Sheets</b>		
<b>ELECTRICITY (Units/P.M.T.)</b>		
CR Coils / Sheets (Average thickness - C.Y. 0.196 mm/P.Y. 0.201 mm)	275.37	258.12
GP / GC Coils / Sheets (Average thickness - C.Y. 0.145 mm/P.Y. 0.158 mm)	45.12	43.47
<b>Total (LDO+CNG) (SCM/P.M.T.)</b>		
CR Coils / Sheets	25.93	22.95
GP / GC Coils / Sheets	34.95	31.24

**II TECHNOLOGY ABSORPTION**

**Research & Development :**

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

**Technology absorption, adaptation and innovation :**

The Company continues its efforts to produce value added special steel for steel strapping and other quarter hard/half hard steel for other specific industries.

**III FOREIGN EXCHANGE EARNINGS AND OUTGO**

**1. Activities relating to Exports, Initiatives to increase exports, Development of new Export Markets for Products and Services and Export Plans:**

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

**2. Total Foreign Exchange Earned and Expended:**

	(₹ in Lacs)	
	Current Year ended 31.03.2012	Previous Year ended 31.03.2011
a. Earnings	25,897.32	29,838.46
b. Expenditure	11,962.41	9,016.96

For and behalf of the Board of Directors

Place : New Delhi  
Date : 15<sup>th</sup> June, 2012

**Dr. R.S. Mamak**  
Executive Vice-Chairman

**INDUSTRY STRUCTURE, DEVELOPMENTS, OPPORTUNITIES AND OUTLOOK**

Global economic recovery, which was not strong to start with has begun fading. High levels of sovereign debt in some of the large Eurozone economies and impending austerity measures will further prolong the recovery. The resulting financial uncertainty and stress has now spilled over to various emerging market economies, notably Brazil, China, and India reflecting a weaker external environment. Further, domestic demand has also decelerated sharply in these countries in response to capital constraints and monetary policy tightening over the past year. Many emerging market economies have also been hit by increases in investor risk aversion and perceived growth uncertainty, which have led to capital outflows and currency depreciation.

Global GDP growth is expected to be at 3.5% and 3.9% in the year 2012 and 2013 respectively with emerging and developing economies leading growth by over 5.6% and developed economies at sub-2% levels.

Globally, crude steel production increased by 6.5% y-o-y and reached 1398 Million MT in 2011. India has a huge potential demand for cold rolled products and is expected to increase from 7 Million MT during the year to 11 Million MT by 2016-17 and 16 Million MT by 2019-20.

Steel production in India increased to approx. 71 Million MT in 2011-12, registering a growth of 7% over the previous year. Steel consumption increased by 6% to approx. 69 Million MT during the same period. India is now the 3<sup>rd</sup> largest producer of steel in the World, yet the per capita steel consumption is very low at 50 Kg vis-à-vis 405 Kg in China, 490 Kg. in Japan and a world average of 180 Kg. An increase of 10 Kg in per capita consumption will result in incremental steel demand of 12 million MT per annum.

The upward momentum of steel price during the year was short-lived as slow growth in the advanced economies and policy tightening in the emerging market curtailed demand. More recently, steel prices are exhibiting short duration cycles adding further volatility in an uncertain economic environment.

However, your company has taken steps to seize the opportunities of growth in best possible manner. The Narrow Mill complex developed for production of special quality steel has commenced production during the year. Going forward your Company has envisaged a plan for technological upgradation and de-bottlenecking of existing capacities, which will allow it to manufacture new products and increasing output.

The recently announced Exim Policy of the Government of India is extending number of benefits to the exporters viz incorporating more countries into the Focus Market Scheme and giving higher incentives, additional benefits to status holders, etc. Your company being an export oriented unit shall be benefitted by this policy from the year 2012-13.

**THREATS, RISKS AND CONCERN**

A 20% depreciation of the rupee and increased volatility during the year has resulted in imports becoming dearer. This in turn has increased cost of imported HR steel and the same is not viable compared with local producers. Accordingly, till the stability of exchange rate, your company has discontinued further import of raw materials and is primarily dependent on indigenous raw material.

Power cost has also increased substantially. To mitigate the high power cost, your company has commenced purchase of power through open access by entering into an agreement with Indian Energy Exchange.

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

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

**FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

The Company has incurred a net loss of ` 2,871 Lacs on turnover of 77114 MT valuing ` 47,121 Lacs against net profit of ` 332 Lacs on turnover of 94,932 MT valuing ` 53,792 Lacs in the previous year.

**INTERNAL CONTROL SYSTEM AND THEIR EFFICACY**

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

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

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

**STATUTORY COMPLIANCES:**

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

**QUALITY:**

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

**MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS:**

Your Company is continuously enhancing the people capabilities and maintains a talent pool within the organization to meet future needs. Though the labour strike had hampered the Company's operations, but Management has been able to restore harmonious relations with the workers by concluding a wage settlement for 3 years.

**CAUTIONARY STATEMENT:**

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

**CORPORATE GOVERNANCE REPORT**
**I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

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

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

**II BOARD OF DIRECTORS**
**➤ Composition :**

The Board has optimum combination of Executive and Non-Executive Directors. The composition of the Board as on 31st March, 2012 was as under. The Board consists of eight directors including Alternate Director.

Category of Directors	No. of Directors
➤ Promoters, Non-Executive	2
➤ Non-Promoter Executive	2
➤ Non-Executive Independent	3
➤ Alternate Director	1

**➤ Meetings and Attendance:**

During the year from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012, the Board met 6 (six) times i.e., 13<sup>th</sup> April 2011, 30<sup>th</sup> May 2011, 15<sup>th</sup> August 2011, 9<sup>th</sup> November 2011, 6<sup>th</sup> February 2012 and 10<sup>th</sup> March 2012. Attendance of Directors at the Meeting of the Board of Directors (BOD) held during the financial year 2011-2012 and Annual General Meeting (AGM) held on 29<sup>th</sup> September, 2011 are as follows:

Category	Name of Directors	No. of Board Meetings attended	Whether attended AGM held on 29.09.2011	*No. of Directorships in other Companies		**No. of Committee Memberships in other Companies	
				Chairman of the Board/MD	Board Members	Chairman of the Committee	Member
Promoter:							
- Executive Director	—	—	—	—	—	—	—
- Non-Executive Director	Mr. R.P.Chandaria Mr. Rashmi Chandaria	2 1	No No	— —	1 1	— —	— —
Executive Director(s):							
- Executive Vice Chairman	Dr. R.S. Mamak	6	Yes	—	—	—	—
- Managing Director #	Mr. N.M. Mohnot	6	Yes	—	—	—	—
- Managing Director \$	Mr. K. M. Joshi	1	Yes	—	—	—	—
Non-Executive Independent Director(s):	Mr. J. Mehra Mr. Mahendra Lodha Mr. P.G. R. Prasad	6 6 4	No No No	— — 1	11 6 1	— 2 2	2 3 1
Alternate Director(s):							
- Promoter	Mr. Vimal Chandaria (Alternate to Mr. R.P. Chandaria)	—	No	—	—	—	—

# appointed as Managing Director w.e.f. 9<sup>th</sup> November 2011.

\$ from 20<sup>th</sup> June 2011 upto 31<sup>st</sup> October 2011.

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

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

**III AUDIT COMMITTEE**
**➤ Terms of Reference:**

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



➤ **Composition and Attendance :**

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

Name of Director	Composition as on 31 <sup>st</sup> March , 2012	No. of Meetings held	No. of Meetings attended
Mr. Mahendra Lodha	Chairman	4	4
Mr. Jatinder Mehra	Member	4	4
Mr. P.G.R.Prasad	Member	4	3

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

➤ **Terms of Reference :**

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

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

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

**IV REMUNERATION COMMITTEE**

➤ **Terms of reference and Remuneration Policy**

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

➤ **Composition and Attendance:**

During the financial year 2011-2012, two Remuneration Committee meetings were held on 13.04.2011 and 30.05.2011:

Name of Director	Composition as on 31 <sup>st</sup> March , 2012	No. of Meetings attended
Mr. Mahendra Lodha	Chairman	2
Mr. J.Mehra	Member	2
Mr. P.G.R.Prasad	Member	1

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

**Disclosure regarding Directors appointment & re-appointment**

Mr. R. P. Chandaria and Mr. Jatinder Mehra, Directors of the Company are liable to retire by rotation and being eligible offer themselves for re-appointment.

**Remuneration to Executive Directors**

The break-up of the remuneration paid to the Executive Directors during the period ended on 31<sup>st</sup> March 2012 is as under:

(Amount in `)

Particulars	Dr. R. S. Mamak Executive Vice-Chairman	Mr. N.M. Mohnot Managing Director@	Mr. K.M. Joshi Managing Director\$
Salary	6,00,000	46,06,667	19,65,000
Retiral Benefits*	1,62,000	12,43,800	5,30,550
Other Benefits & Allowances	19,370	10,23,807	41,99,739

@ Upto 8<sup>th</sup> November 2011 as Dy. Managing Director.

\$ from 20<sup>th</sup> June 2011 upto 31<sup>st</sup> October 2011

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

### Remuneration to Non-Executive Directors

Your Directors at their meeting held on 13th April, 2011 and subsequently members of the Company at their Annual general Meeting held on 29th September, 2011 had resolved to pay remuneration to all Non Executive Independent Directors not exceeding in aggregate one percent of net profits as computed under sections 198, 349 and 350 of the Companies Act 1956 of the year or ` 5 Lacs per year to each of the Non Executive Independent Directors, for a period of 5 years w.e.f.1st April 2011, whichever is higher subject to approval of the Central Government. However, the Company received approval from Central Government for 2011-12 only for a payment of Rupees two lacs only to each of the Non Executive independent directors. Therefore, the Company has made payment of remuneration of ` 2,00,000/- to each of the Non Executive Independent Directors for the year 2011-12 in accordance with the approval of the Central Government in addition to sitting fees and reimbursement of travelling expenses.

Other Non-Executive Promoter Directors are entitled to sitting fees only for attending the meetings of the Board of Directors and / or its Committees and reimbursement of travelling expenses but no remuneration. The details of remuneration paid to the Non-Executive Directors during the financial year 2011-2012 are given below:

	Name of the Non-Executive Directors	Sitting Fees ( ` )	Remuneration ( ` )
1	Mr. R. P.Chandaria #	10,000	N.A.
2	Mr. Rashmi Chandaria #	5,000	N.A.
3	Mr. J. Mehra	48,000	2,00,000
4	Mr. Mahendra Lodha	74,000	2,00,000
5	Mr. Vimal Chandaria #	NIL	N.A
6	Mr. P. G. R. Prasad	41,000	2,00,000
	<b>Total</b>	<b>1,78,000</b>	<b>6,00,000</b>

# Non-Executive Promoter Directors or Alternate Director

### Information of Directors' Shareholding as on 31<sup>st</sup> March, 2012:

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

## V SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

During the financial year 2011-2012, 4 (four) Shareholders' /Investors' Grievance Committee meetings were held:

### Composition and Attendance:

Name of Director	Composition as on 31 <sup>st</sup> March, 2012	No. of Meeting held	No. of Meetings attended
Mr. Mahendra Lodha	Chairman	4	4
Dr. R.S.Mamak	Member	4	4
Mr. P.G.R.Prasad	Member	4	3

### Terms of Reference :

The Committee is looking after the Shareholders' / Investors' Grievance and redressal of investors' / shareholders' complaints related to transfer of shares, non-receipt of balance sheets, non-receipt of dividends etc.

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

### Status of Investor Complaints as on 31<sup>st</sup> March, 2012 and reported under Clause 41 of the Listing Agreement are as under:

During the year the company has received 34 complaints and all the complaints have been resolved and no complaints are pending as on 31<sup>st</sup> March, 2012.

## VI GENERAL BODY MEETINGS

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

Financial Year	Date	Day	Time	Special Resolution
2008 - 2009	29 <sup>th</sup> September, 2009	Tuesday	3:30 P.M.	1
2009 -2010	29 <sup>th</sup> September, 2010	Wednesday	3:30 P.M.	2
2010 - 2011	29 <sup>th</sup> September, 2011	Thursday	3:30 P.M.	5

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

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



**VII DISCLOSURES**

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

**VIII MEANS OF COMMUNICATION**

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

**IX GENERAL SHAREHOLDER INFORMATION**

➤ **Annual General Meeting (AGM) :**

The 22<sup>nd</sup> Annual General Meeting of the Company is scheduled to be held on:

- Date & time : 29<sup>th</sup> September, 2012 at 3:30 P.M.
- Venue : Plot No.2, GIDC Estate, Palej – 392 220, Dist. Bharuch
- Book Closure Date : 23.09.2012 to 29.09.2012 (both inclusive)
- Dividend : — Nil —

➤ **Financial Calendar :** 1<sup>st</sup> April 2012 to 31st March 2013.

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

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

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

➤ **ISIN - INE629B01024**

The Company has paid the Annual Listing fees for the year 2012 –2013 due to all the Stock Exchanges where Equity Shares of the Company are listed.

➤ **Stock Market Price Data :**

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

Month	High	Low
April- 2011	6.38	5.33
May- 2011	5.80	4.61
June-11	6.33	5.30
July-11	6.44	5.20
August-11	5.67	4.57
September-11	5.56	4.50
October-11	5.16	4.15
November-11	5.25	3.62
December-11	5.20	3.37
January-12	5.55	3.83
February-12	5.50	4.20
March-12	5.84	3.71

➤ **Registrar and Share Transfer Agent :**

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

M/s. LINK INTIME INDIA PVT. LTD, (Unit : Steelco Gujarat Limited), B-102 & 103, Shangrila Complex, First Floor, Opp. HDFC Bank, Near Radhakrishna Char Rasta Akota, Vadodara-390020. Telephone No: 0265-2356573, 2356794 Fax : 0265-2356791, E-mail ID: [vadodara@linkintime.co.in](mailto:vadodara@linkintime.co.in)

➤ **Physical Share Transfer System :**

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

➤ **Dematerialization of Shares & Liquidity :**

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

➤ **Distribution of Share Holding as at 31st March 2012 :**

No. of Equity shares held	No. of Shareholders	Percentage of Shareholders	No. of Shares	Percentage of Shareholding
1 - 500	134080	98.6354	2943372	6.9155
501 - 1000	867	0.6378	754629	1.7730
1001 - 2000	452	0.3325	725130	1.7037
2001 - 3000	178	0.1309	464729	1.0919
3001 - 4000	90	0.0662	321853	0.7562
4001 - 5000	73	0.0537	346399	0.8139
5001 - 10000	103	0.0758	764455	1.7961
10001 & Above	92	0.0677	36241255	85.1497
<b>Total</b>	<b>135935</b>	<b>100.0000</b>	<b>42561822</b>	<b>100.0000</b>

➤ **Category of Shareholders as on 31st March, 2012 :**

Category of Shareholders	Total Holding	Percentage
Promoter (SPICA INVESTMENTS LTD)	3,33,08,398	78.26
<b>Institutional Investors</b>		
a. Mutual Funds	19,290	0.05
b. Banks, FI's, Insurance Companies	6,25,642	1.47
Private Corporate Bodies	9,51,784	2.23
NRIs / OCBs (other than Promoter Group)	32,718	0.08
Indian Public	76,23,990	17.91
<b>Total</b>	<b>4,25,61,822</b>	<b>100.00</b>

**X PLANT LOCATION OF THE COMPANY:**

Plot No. 2, G.I.D.C. Estate, Palej – 392220, Dist. – Bharuch, Gujarat

**XI COMPLIANCE**

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

**XII ADDRESS FOR CORRESPONDENCE**

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

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

This is to confirm that all Board Members and Senior Management Personnel of the Company have complied with the code of conduct for Directors & Senior Management Personnel (i.e. D & S Code) during the year ended on 31st March, 2012.

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

Place : New Delhi  
Date : 15<sup>th</sup> June, 2012

**Dr. R. S. Mamak**  
Executive Vice-Chairman



**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
Steelco Gujarat Limited,  
Palej.

We have examined all relevant records of Steelco Gujarat Limited as made available to us for the purpose of certifying compliance under clause 49 of Listing Agreements of the said company with Stock Exchange in India for the financial year 2011-12.

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

On the basis of our examination of the records produced and explanations and information furnished to us, the Company has materially complied with all the mandatory conditions of the listing agreement except that, the company is required to appoint one independent Director.

**For Devesh Vimal & Co.**  
Practising Company Secretaries

Date : 15<sup>th</sup> June, 2012  
Place : Vadodara

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

**AUDITORS' REPORT**

To  
The Members of  
Steelco Gujarat Limited

We have audited the attached Balance Sheet of Steelco Gujarat Limited ('the company') as at 31st March, 2012, and also the Statement of Profit & Loss and Cash Flow Statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles applied and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

**Attention of the members is invited to Note No. 34 regarding the financial statements of the Company having been prepared on a going concern basis, notwithstanding the fact that its net worth is substantially eroded. The appropriateness of the said basis is interalia dependent upon the approval of CDR proposal and company's ability to raise requisite finance or generate cash flows in future to meet its future revival plans and for continuing operations.**

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

- (a) we have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the company, so far as it appears from our examination of the books;
- (c) the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (d) in our opinion, the Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (e) on the basis of the written representations received from directors of the company and taken on record by the Board of Directors, we report that no director is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
- (f) in our opinion, and to best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and notes thereon; more particularly Note No. 13 regarding change in the accounting policy in respect of inventory valuation and its consequential effects on the loss for the period and inventories, 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, 2012;
  - (ii) in the case of the Statement of Profit and Loss for the period, of the loss for the period ended on that date; and
  - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

PARTNER

Chandresh S. Shah

Membership No. 42132

Place : Ahmedabad.  
Date : 15<sup>th</sup> June, 2012

**Annexure to the Auditors' Report**

With reference to the Annexure referred to in the Auditors' Report to the Members of Steelco Gujarat Limited on the accounts for the period ended 31st March, 2012, we report that:

1.
  - (a) The Company has maintained proper records to show the particulars including quantitative details and situation in respect of the fixed assets.
  - (b) Some of the fixed assets were physically verified during the period by the management in accordance with programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) Fixed assets disposed off during the period were not substantial and therefore does not affect the going concern assumption.
2.
  - (a) The inventory has been physically verified by management during the period. In our opinion, the frequency of such verification is reasonable.
  - (b) The procedures for the physical verification of inventory followed by management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - (c) The Company has maintained proper records of inventory. According to the information and explanations given to us, no material discrepancies were noticed on physical verification of inventory.



3. (a) The Company has not taken any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, requirements of clauses (iii-b), (iii-c) and (iii-d) of paragraph 4 of the order are not applicable.
- (b) The Company has not granted any loan, secured or unsecured, to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, requirements of clauses (iii-b), (iii-c) and (iii-d) of paragraph 4 of the order are not applicable.
4. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods. In our opinion, and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 and exceeding the value of ` 5,00,000/- in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion, and according to the information and explanations given to us, the company has not accepted any deposits from the Public within the meaning of the provisions of section 58A and 58AA of the Companies Act, 1956 and the rules framed there under. Further, we are informed that no order has been passed by the Company Law Board.
7. The Company has an internal audit system which, in our opinion is commensurate with its size and the nature of its business.
8. We have broadly reviewed the books of accounts maintained by the Company pursuant to the order made by the Central Government for the maintenance of the cost records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance dues, Income-tax, Sales-tax, Wealth tax, Service Tax, Custom duty, Excise duty, cess and any other dues during the period with the appropriate authorities. There are no cases of non-deposit of any undisputed statutory dues outstanding for a period of more than six months as at 31st March, 2012 from the date they became payable.
- (b) According to the information and explanations given to us, there are no cases of non-deposit with appropriate authorities of disputed dues of sales tax, income-tax, customs duty, wealth tax, excise duty and cess except the following:

Financial period to which it relates	Act	Nature of dues	Forum where dispute is pending	Amount ( ` in Lacs)
2008 – 2009	Customs Act	Customs Duty	CESTAT, Ahmedabad	32.71
2009 – 2010	Central Excise Act and Service Tax	Excise duty interest	CESTAT, Ahmedabad	0.70
1991 – 1992	Income Tax Act, 1961	Income Tax	H'nable Gujarat High Court	24.45
1992 – 1993	Income Tax Act, 1961	Income Tax	H'nable Gujarat High Court	26.03
1993 – 1994	Income Tax Act, 1961	Income Tax	H'nable Gujarat High Court	61.55

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

**For MUKESH M. SHAH & CO.**  
**CHARTERED ACCOUNTANTS**  
 Firm Registration No. 106625W  
 PARTNER  
 Chandresh S. Shah  
 Membership No. 42132

Place : Ahmedabad.  
 Date : 15<sup>th</sup> June, 2012

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

Particulars	Note No.	INR - LACS	
		Figures as at end of	
		Current Reporting Period	Previous Reporting Period
		2012	March 31, 2011
<b>EQUITY AND LIABILITIES:</b>			
<b>Shareholders' Funds:</b>			
Share Capital	1	7,536.95	7,536.95
Reserves and Surplus	2	1,484.39	4,987.40
		<u>9,021.34</u>	<u>12,524.35</u>
<b>Non-Current Liabilities:</b>			
Long Term Borrowings	3	318.90	639.62
Other Long Term Liabilities	4	17.79	17.94
Long Term Provisions	5	205.48	170.62
		<u>542.17</u>	<u>828.18</u>
<b>Current Liabilities:</b>			
Short Term Borrowings	6	6,045.66	4,979.91
Trade Payables	7	16,231.50	14,542.63
Other Current Liabilities	8	1,450.27	1,510.20
Short Term Provisions	9	125.28	196.02
		<u>23,852.71</u>	<u>21,228.76</u>
<b>Total</b>		<u><b>33,416.22</b></u>	<u><b>34,581.29</b></u>
<b>ASSETS:</b>			
<b>Non-Current Assets:</b>			
Fixed Assets:			
Tangible Assets	10	13,457.48	15,121.58
Intangible Assets	10	4.80	8.01
Capital work-in-progress		184.12	108.92
		<u>13,646.40</u>	<u>15,238.51</u>
Deferred Tax Asset [Net]	11	0.00	0.00
Long Term Loans and Advances	12	972.09	989.15
		<u>14,618.49</u>	<u>16,227.66</u>
<b>Current Assets:</b>			
Inventories	13	8,595.98	8,083.03
Trade Receivables	14	6,401.49	7,269.61
Cash and Bank Balances	15	916.57	780.94
Short Term Loans and Advances	16	1,305.03	1,089.59
Other Current Assets	17	1,578.66	1,130.47
		<u>18,797.73</u>	<u>18,353.64</u>
<b>Total</b>		<u><b>33,416.22</b></u>	<u><b>34,581.29</b></u>

**Significant Accounting Policies**
**Notes to the Financial Statements**

1 to 36

As per our report of even date

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

**Chandresh S. Shah**  
 Partner  
 Membership No: 42132

 Place : Ahmedabad  
 Date : 15-06-2012

For and on behalf of the Board

**Dr. R.S.Mamak**  
 Executive Vice Chairman

**Sunil Singhvi**  
 Joint General Manager(Finance)

 Place : New Delhi  
 Date : 15-06-2012

**N.M. Mohnot**  
 Managing Director

**Arvind Tambi**  
 Asst. Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Note No.	INR - LACS	
		Figures as at end of	
		Current Reporting Period	Previous Reporting Period
		March 31,	
		2012	2011
<b>REVENUE:</b>			
Revenue from Operations:	19		
Sale of Products [Gross]		46,690.11	53,735.21
Less : Excise Duty		1,632.27	1,802.14
Sale of Products [Net]		45,057.84	51,933.07
Other Operating Revenues		1,922.27	1,706.08
Net Revenue from Operations		46,980.11	53,639.15
Other Income	20	141.22	153.25
Total Revenue		47,121.33	53,792.40
<b>EXPENSES:</b>			
Cost of Materials Consumed	21	36,533.28	41,483.74
Changes in Inventories of Finished goods and Work-in-progress	22	780.96	(648.73)
Employee Benefits Expense	23	1,099.77	962.74
Finance Costs	24	2,363.77	2,110.72
Depreciation and Amortisation expenses	10	1,875.40	1,233.39
Less : Transferred from Revaluation Reserve (Refer Note. No.10)		632.42	0.00
		1,242.98	1,233.39
Other Expenses	25	7,971.16	8,318.19
Total Expenses		49,991.92	53,460.05
<b>Profit/(Loss) before Tax</b>		<b>(2,870.59)</b>	332.35
Less/[Add]: Tax Expense:			
Current Tax		0.00	80.00
Deferred Tax	11	0.00	0.00
Prior period's tax adjustments		0.00	0.00
		0.00	80.00
<b>Profit/(Loss) for the period</b>		<b>(2,870.59)</b>	252.35
<b>Basic &amp; Diluted Earning per Equity Share [EPS] [ in Rupees ]</b>	26	<b>(7.71)</b>	(0.37)

Significant Accounting Policies

Notes to the Financial Statements

1 to 36

As per our report of even date

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

**Chandresh S. Shah**  
Partner  
Membership No: 42132

Place : Ahmedabad  
Date : 15-06-2012

For and on behalf of the Board

**Dr. R.S.Mamak**  
Executive Vice Chairman

**Sunil Singhvi**  
Joint General Manager(Finance)

Place : New Delhi  
Date : 15-06-2012

**N.M. Mohnot**  
Managing Director

**Arvind Tambi**  
Asst. Company Secretary

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

	<b>INR - LACS</b>	
	<b>Year ended March 31,</b>	<b>2011</b>
	<b>2012</b>	<b>2011</b>
<b>A CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit before taxation and extraordinary items	<b>(2,870.59)</b>	332.35
Adjustments for:		
Depreciation [Net]	<b>1,242.98</b>	1,233.39
[Profit]/Loss on sale of assets [Net]	<b>(1.42)</b>	(24.21)
Interest income	<b>(89.13)</b>	(49.61)
Interest expenses	<b>2,363.77</b>	2,110.72
Bad debts written off	<b>-</b>	-
Provision for Doubtful Debts written back	<b>13.87</b>	(7.47)
Exchange (Gain)/Loss - Unrealised	<b>81.61</b>	(145.66)
Provisions for employee benefits	<b>65.78</b>	-
Total	<b>3,677.46</b>	3,117.16
Operating profit before working capital changes	<b>806.87</b>	3,449.51
Adjustments for:		
[Increase]/Decrease in trade receivables	<b>343.50</b>	(1,806.31)
[Increase]/Decrease in inventories	<b>(512.95)</b>	(2,550.42)
[Increase]/Decrease in short term advances	<b>27.76</b>	(264.15)
[Increase]/Decrease in long term advances	<b>24.72</b>	94.47
[Increase]/Decrease in other current assets	<b>(446.40)</b>	(111.27)
Increase/[Decrease] in trade payables	<b>1,826.85</b>	5,266.66
Increase/[Decrease] in other current liabilities	<b>106.44</b>	150.25
Increase/[Decrease] in other long term liabilities	<b>(0.15)</b>	0.15
Increase/[Decrease] in long term Provisions	<b>34.86</b>	3.61
Increase/[Decrease] in short term Provisions	<b>(0.62)</b>	1.73
Total	<b>1,404.01</b>	784.73
Cash generated from operations	<b>2,210.88</b>	4,234.24
Direct taxes paid [Net of refunds]	<b>(77.78)</b>	(60.36)
Cash flow before extraordinary items	<b>2,133.10</b>	4,173.88
Net cash from operating activities	<b>2,133.10</b>	4,173.88
<b>B CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	<b>(286.31)</b>	(224.40)
Proceeds from sale of fixed assets	<b>4.44</b>	38.90
Interest received	<b>21.46</b>	40.92
Net cash from investing activities	<b>(260.41)</b>	(144.58)
<b>C CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of Long Term Borrowings	<b>(331.92)</b>	(1,426.07)
Short Term Borrowings [Net]	<b>959.61</b>	(141.59)
Interest paid	<b>(2,364.75)</b>	(2,117.57)
Net cash used in financing activities	<b>(1,737.06)</b>	(3,685.23)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>135.63</b>	344.07
<b>Cash and cash equivalents at the beginning of the year</b>	<b>780.94</b>	436.87
<b>Cash and cash equivalents at the close of the year</b>	<b>916.57</b>	780.94

**Notes to the cash flow statement**

- 1 All figures in brackets are outflow.
- 2 Previous year's figures have been regrouped wherever necessary.

As per our report of even date

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

**Chandresh S. Shah**  
Partner

Membership No: 42132

Place : Ahmedabad

Date : 15-06-2012

For and on behalf of the Board

**Dr. R.S.Mamak**  
Executive Vice Chairman

**Sunil Singhvi**  
Joint General Manager (Finance)

Place : New Delhi

Date : 15-06-2012

**N.M. Mohnot**  
Managing Director

**Arvind Tambi**  
Asst. Company Secretary


**Significant Accounting Policies**
**1 Basis of Accounting:**

The financial statements are prepared under "historical cost convention" except in case of certain revalued fixed assets, on "Accrual Concept" of accountancy in accordance with the accounting principles generally accepted in India and comply with Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government to the extent applicable and with the applicable provisions of the Companies Act, 1956. The company has consistently applied the Accounting Policies; except change in the basis of inventory valuation effected during the period as detailed in Note No.13 to the financial statements.

**2 Use of Estimates:**

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

**3 Fixed Assets and Depreciation:**

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

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

Certain assets were revalued as on 31st March, 2011 and resultant surplus has been added to the cost of the assets with a corresponding credit to Revaluation Reserve Account. (Refer Note No. 10 (1) to the financial statements.

**B** Leasehold Land is being amortised over the life of the lease.

**C** Depreciation on Buildings & Electrical Installations, Furniture, Fixtures, Office Equipment and Vehicles has been provided on Written Down Value Method, as per Section 205(2) (a) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.

**D** Depreciation on all other assets has been provided on Straight Line Method, as per Section 205(2)(b) of the Companies Act, 1956, at the rates prescribed in Schedule XIV thereto.

For determining the appropriate depreciation rates, plant and machinery falling under the category of continuous process plant has been identified on the basis of technical opinion obtained.

**E** Depreciation on additions to and disposals of the Fixed Assets during the period has been provided on pro-rata basis, according to the period each such asset was used during the period except in case of low value items not exceeding ₹ 10,000/-, which are depreciated fully in the period of addition.

**F** Depreciation on addition or extension to the existing Fixed Asset, which becomes integral part of that asset is provided on pro-rata basis according to the remaining useful life of the existing asset.

**4 Impairment of Assets:**

**A** The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates recoverable amount of the asset being higher of the net selling price and value in use.

Value in use is determined from the present value of estimated future cash flows from continuing use of such assets discounted at weighted average cost of capital.

**B** If recoverable amount of such asset or the recoverable amount of the cash generating unit to which such asset belong is found to be lower than its carrying amount, then carrying amount of such asset is reduced to the extent of its recoverable amount.

Such reduction is treated as impairment loss and is charged to the Profit and Loss Account.

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

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

**5 Borrowing Costs:**

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

**6 Expenditure during the Construction Period:**

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

**7 Inventories:**

- A** Inventories consisting of Raw Materials, Work-in-Process and Finished Goods are valued at lower of cost and net realizable value.
- B** For this purpose, the cost of raw material is determined using annual weighted average cost method (net of Cenvat availed). (Refer Note No. 13 to the financial statements.)
- C** Cost of finished goods and Work-in-process is determined by taking annual weighted average material costs (net of Cenvat availed) and other appropriate and relevant manufacturing overheads.
- D** Inventories consisting of Stores, Consumables, Spare Parts and Packing Materials etc. are valued at lower of cost and net realizable value. For this purpose direct costs, and appropriate relevant overheads are apportioned using the FIFO method.

**8 Revenue Recognition:**

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

**9 Foreign Currency Transactions:**

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

**10 Excise Duty:**

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




**11 Employee Benefits:**
**A Defined Contribution Plans:**

The Company contributes on a defined contribution basis to Employees' Provident Fund towards post employment benefits, all of which are administered by the respective Government authorities and it has no further obligation beyond making its contribution, which is expensed in the period to which it pertains.

**B Defined Benefit Plans:**

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

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

**C Leave Entitlements (Long Term Employee Benefit):**

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

**12 Provision for Bad and Doubtful Debts/Advances:**

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

**13 Taxes on Income:**

**A** Tax expenses comprise of current and deferred tax.

**B** Current tax is measured at the amount expected to be paid on the basis of relief and deductions available in accordance with the provisions of Indian Income Tax Act, 1961.

**C** MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

**D** Deferred income tax reflects the impact of the current period timing differences between the taxable income and accounting income for the reporting period and reversal of timing differences of the earlier reporting period.

Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted as at the balance sheet date.

Deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

**14 Leases:**

Leases are classified as operating leases where the lessor effectively retains substantially all the risks and benefits of the whole ownership of the leased assets. Operating lease payments are recognized as expenses in the statement of Profit and Loss as and when paid.

**15 Provisions, Contingent Liabilities and Contingent Assets:**

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

Contingent liability is disclosed for:

**A** Possible obligations which will be confirmed by future events not wholly within the control of the Company, or

**B** Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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

**Notes to the Financial Statements**

Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 1-SHARE CAPITAL:</b>		
<b>Authorised:</b>		
1,00,000,000 [as at 31-03-11 : 1,00,000,000] Equity Shares of ` 10/- each	<b>10,000.00</b>	10,000.00
50,000,000 [as at 31-03-11 : 50,000,000] 12.50% Cumulative Redeemable Preference Shares of ` 10/- each	<b>5,000.00</b>	5,000.00
	<b>15,000.00</b>	15,000.00
<b>Issued, Subscribed and Paid-up:</b>		
4,25,61,822 [ as at 31-03-11 : 4,25,61,822 ] Equity Shares of ` 10/- each, fully paid up	<b>4,256.18</b>	4,256.18
Less : Calls in arrears - Due from others	<b>(1.23)</b>	(1.23)
3,28,20,000 [ as at 31-03-11 : 3,28,20,000 ] 12.50% Cumulative Redeemable Preference Shares of ` 10/- each, fully paid up	<b>3,282.00</b>	3,282.00
<b>Total</b>	<b>7,536.95</b>	7,536.95

A The reconciliation of the number of Shares outstanding is as under:

Particulars	Equity shares		Preference Shares	
	Current Reporting Period	Previous Reporting Period	Current Reporting Period	Previous Reporting Period
Number of shares at the beginning	<b>42,561,822</b>	42,561,822	<b>32,820,000</b>	32,820,000
Add: Bonus shares issued during the period/shares issued during the period	<b>0</b>	0	<b>0</b>	0
Less: Shares bought back/redeemed during the reporting period	<b>0</b>	0	<b>0</b>	0
Number of shares at the end	<b>42,561,822</b>	42,561,822	<b>32,820,000</b>	32,820,000

B The equity shares rank parri passu and carry equal rights with respect to voting and dividend.

In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all preferential amounts.

C The Preference Shares are redeemable after a period of 15 years from the date of its issue i.e. 29-09-2008. The preference share holders have right to exercise option to convert such shares into equity shares in the Company on the offer made by the Board of Directors of the Company. The said shares do not carry any voting rights nor are they participative in the profits of the Company except that they carry preferential right in respect of cumulative arrears of unpaid dividend. In the event of liquidation of the Company, the preference shareholders shall be entitled to proportionate share of their holding in the assets remained after distribution of all other preferential amounts but before distribution to the equity shareholders.

Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>D Details of Share Holders holding more than 5% of Equity Shares of ` 10/- each, fully paid:</b>		
Spica Investments Limited (Holding Company), Mauritius.		
Number of Equity Shares	<b>33,308,398</b>	33,308,398
% to total share holding	<b>78.26</b>	78.26
Number of Preference Shares	<b>32,820,000</b>	32,820,000
% to total share holding	<b>100.00</b>	100.00
E Equity shares allotted without payment being received in cash	<b>Nil</b>	Nil
F Preference shares allotted without payment being received in cash	<b>Nil</b>	Nil
G Equity Shares allotted as fully paid up shares by way of Bonus Shares	<b>Nil</b>	Nil



Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 2-RESERVES AND SURPLUS:</b>		
<b>Capital Reserve:</b>		
Balance at the beginning and at the end of the reporting period	489.68	489.68
	<u>489.68</u>	<u>489.68</u>
<b>Revaluation Reserve: [Refer Note No. 10 (1)]</b>		
Balance as at the beginning of the reporting period	9,280.18	0.00
Surplus arising on Revaluation of Fixed Assets	0.00	9,280.18
Less : Transfer to Surplus in statement of Profit and Loss to the extent of Depreciation provided on Revalued amount	(632.42)	0.00
	<u>8,647.76</u>	<u>9,280.18</u>
<b>Surplus in statement of Profit and Loss:</b>		
Balance as at the beginning of the reporting period	(4,782.46)	(5,034.81)
Add: (Loss)/Profit for the reporting period	(2,870.59)	252.35
Balance as at the end of reporting period	(7,653.05)	(4,782.46)
<b>Total</b>	<u>1,484.39</u>	<u>4,987.40</u>

**NOTE: 3-LONG TERM BORROWINGS:**

	INR - LACS			
	Non-current portion		Current Maturities	
	Figures as at end of			
	Current Reporting Period March 31, 2012	Previous Reporting Period 2011	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
A Term Loans from Banks:				
Term Loan [Secured]	90.00	430.00	340.00	362.50
B Finance Lease obligations [Unsecured]:				
From Banks	28.90	9.62	14.33	3.03
C From Others [Unsecured] / Inter corporate deposits	200.00	200.00	-	-
<b>Total</b>	<u>318.90</u>	<u>639.62</u>	<u>354.33</u>	<u>365.53</u>
The above amount includes:				
Secured borrowings	90.00	430.00	340.00	362.50
Unsecured borrowings	228.90	209.62	14.33	3.03
Amount disclosed under the head "Other Current Liabilities" [Note-8]	-	-	(354.33)	(365.53)
<b>Net amount</b>	<u>318.90</u>	<u>639.62</u>	<u>0.00</u>	<u>0.00</u>

**A Securities and Terms of Repayment for Secured Long Term Borrowings:**

**Rupee Term Loans:**

Rupee Term Loan of ` 430 Lacs is secured by way of joint mortgage of immovable properties of the company situated at Plot No.2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India) both present and future, and by way of hypothecation of whole of immovable property of the company, including plant and machinery and other movables, both present and future (Save and except inventories and book debts whether installed or not, or in the course of transit by way of first charge to the lenders subject to the first charge on specified movable assets created in favour of banks providing Working capital finance) to rank on "pari- passu" basis.

The Loan is repayable in 20 quarterly instalments of ` 90 lacs after a moratorium period of six months from the year of its origination 2008-09 alongwith interest for the period. The interest rates are reset based upon SBI base rate revised from time to time. The outstanding amount of loan as at 31st March 2012 is ` 430 Lacs [As at 31-03-2011: ` 792.50 Lacs]

**B Terms of Repayment for Unsecured Long Term Borrowings:**

Finance obligations of ₹ 55.23 Lacs is taken against Hypothecation of respective vehicles and it is repayable as per the repayment schedule ranging 36 to 60 equal monthly instalments alongwith interest for the period. The outstanding amount as at 31st March 2012 is ₹ 43.20 Lacs. [As at 31-03-2011: ₹ 12.65 Lacs].

C There are no continuous default as on 31st March 2012.

Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE :4-OTHER LONG TERM LIABILITIES:</b>		
Trade Payable	-	-
Others	17.79	17.94
<b>Total</b>	<b>17.79</b>	<b>17.94</b>
<b>NOTE: 5-LONG TERM PROVISIONS:</b>		
Provision for Employee Benefits	205.48	170.62
<b>Total</b>	<b>205.48</b>	<b>170.62</b>

**Disclosure pursuant to Accounting Standard-15 [Revised] "Employee Benefits" : Defined benefit plan and long term employment benefit**
**A General description:**
**Gratuity [Defined benefit plan]:**

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

**Leave wages [Long term employment benefit]:**

The employees of the company are entitled to leave as per the leave policy of the company. The liability on account of accumulated leave as on last day of the accounting year is recognised at present value of the defined obligation at the balance sheet date based on the actuarial valuation carried out by an independent actuary using projected unit credit method. The Leave encashment obligation is administered by the company, being unfunded liability.

Particulars	INR - LACS			
	Figures as at end of			
	Current Reporting Period March 31, 2012		Previous Reporting Period March 31, 2011	
	Pre. Leave	Gratuity	Pre. Leave	Gratuity
<b>B Change in the present value of the defined benefit obligation:</b>				
Opening defined benefit obligation	147.93	57.54	138.69	61.43
Interest cost	11.83	4.60	10.40	4.61
Current service cost	18.40	11.73	16.52	11.36
Benefits paid	(23.01)	(11.84)	(11.93)	(8.58)
Actuarial [gain]/losses on obligation	16.18	6.35	(5.75)	(11.28)
Closing defined benefit obligation	<u>171.33</u>	<u>68.38</u>	<u>147.93</u>	<u>57.54</u>
<b>C Change in the fair value of plan assets:</b>				
Opening fair value of plan assets	-	-	-	-
Expected return on plan assets	-	-	-	-
Contributions by employer	-	-	-	-
Benefits paid	-	-	-	-
Actuarial gains/[losses]	-	-	-	-
Closing fair value of plan assets	-	-	-	-
Total actuarial gain [loss] to be recognized	<u>16.18</u>	<u>6.35</u>	<u>(5.75)</u>	<u>(11.28)</u>



	Figures as at end of			
	Current Reporting Period March 31, 2012		Previous Reporting Period March 31, 2011	
	Pre. Leave	Gratuity	Pre. Leave	Gratuity
<b>D Actual return on plan assets:</b>				
Expected return on plan assets	-	-	-	-
Actuarial gain/[loss] on plan assets	-	-	-	-
Actual return on plan assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>E Amount recognised in the balance sheet:</b>				
[Assets]/Liability at the end of the reporting period	<b>171.33</b>	<b>68.38</b>	147.93	57.54
Fair value of plan Assets at the end of the reporting period	-	-	-	-
Difference	<b>171.33</b>	<b>68.38</b>	147.93	57.54
Unrecognised past service cost	-	-	-	-
[Assets]/Liability recognised in the Balance Sheet	<u><b>171.33</b></u>	<u><b>68.38</b></u>	<u>147.93</u>	<u>57.54</u>
<b>F [Income]/Expenses recognised in the Statement of Profit and Loss :</b>				
Current service cost	<b>18.40</b>	<b>11.73</b>	16.52	11.36
Interest cost on benefit obligation	<b>11.83</b>	<b>4.60</b>	10.40	4.61
Expected return on plan assets	-	-	-	-
Net actuarial [gain]/loss in the period	<b>16.18</b>	<b>6.35</b>	(5.75)	(11.28)
Net [benefit]/expense	<u><b>46.41</b></u>	<u><b>22.68</b></u>	<u>21.17</u>	<u>4.69</u>
<b>G Movement in net liability recognised in Balance Sheet:</b>				
Opening Net Liability	<b>147.93</b>	<b>57.54</b>	138.69	61.43
Expenses as above [P & L Charge]	<b>46.41</b>	<b>22.68</b>	21.17	4.69
Employer's contribution	<b>(23.01)</b>	<b>(11.84)</b>	(11.93)	(8.58)
[Assets]/Liability recognised in the Balance Sheet	<u><b>171.33</b></u>	<u><b>68.38</b></u>	<u>147.93</u>	<u>57.54</u>
<b>H Principal actuarial assumptions as at Balance sheet date:</b>				
Discount rate	<b>8.00%</b>	<b>8.00%</b>	8.00%	8.00%
[The rate of discount is considered based on market yield on Government Bonds having currency and terms consistence with the currency and terms of the post employment benefit obligations]				
Expected rate of return on plan Assets	<b>N.A.</b>	<b>N.A.</b>	N.A.	N.A.
[The expected rate of return assumed by the Insurance company is generally based on their Investment patterns as stipulated by the Government of India]				
Annual increase in salary cost	<b>5.00%</b>	<b>5.00%</b>	5.00%	5.00%
[The estimates of future salary increases considered in actuarial valuation, taking into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market]				
<b>I The categories of plan assets as a % of total plan assets are:</b>				
Insurance Company	<b>N.A.</b>	<b>N.A.</b>	N.A.	N.A.

Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 6-SHORT TERM BORROWINGS:</b>		
Loans repayable on Demand:		
Working Capital Loans from Banks [Secured] [*]	6,045.66	4,979.91
<b>Total</b>	<b>6,045.66</b>	<b>4,979.91</b>
The above amount includes:		
Secured borrowings	6,045.66	4,979.91
Unsecured borrowings	-	-
Net amount	<b>6,045.66</b>	<b>4,979.91</b>
[*] Working Capital Loan comprising Cash Credit (CC), Packing Credit Foreign Currency (PCFC), Export Packing Credit (EPC) and Demand Loan (DL) is repayable on demand from Banks, are secured by way of hypothecation of the Company's stock of goods, including raw material, work-in-process, finished goods, stores, consumables, spares, goods in transit etc. and book-debts, both present and future, to rank on "pari-passu" basis. These facilities are also secured by way of second charge on the immovable properties of the Company situated at Plot No.2, GIDC Estate, Palej, Dist. Bharuch, Gujarat (India), both present and future. Interest for borrowing in Indian Currency through CC, EPC and DL is in the range of 9.25% p.a. to 16% p.a. and for borrowing in foreign currency through PCFC, is in the range of Libor +1.50% p.a. to Libor+3.50% p.a.		
The Company has utilised drawing limits of working capital loans exceeding the sanctioned limits by amounting to ₹ 1045.66 lacs due to devolvement of Letters of Credit and the same has continued to be overdrawn since August, 2011.		
<b>NOTE: 7-TRADE PAYABLES:</b>		
Micro, Small and Medium Enterprises [*]	1.37	8.56
Acceptances	10,852.40	10,298.60
Other Trade Payables	5,377.73	4,235.47
<b>Total</b>	<b>16,231.50</b>	<b>14,542.63</b>
[*] Disclosure in respect of Micro, Small and Medium Enterprises:		
A Principal amount remaining unpaid to any supplier as at the reporting period	1.37	8.56
B Interest due thereon	-	0.03
C Amount of interest paid by the Company in terms of section 16 of the MSMED, along with the amount of the payment made to the supplier beyond the appointed day during the reporting period.	-	-
D Amount of interest due and payable for the period of delay in making payment [which have been paid but beyond the appointed day during the reporting period] but without adding the interest specified under the MSMED.	0.25	0.21
E Amount of interest accrued and remaining unpaid at the end of the accounting reporting period	0.25	0.24
F The amount of further interest due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure u/s 23.	-	-
The above information has been compiled in respect of parties to the extent to which they could be identified as Micro, Small and Medium Enterprises on the basis of information available with the Company.		
<b>NOTE: 8-OTHER CURRENT LIABILITIES:</b>		
Current Maturities of Long Term Debt [Refer Note No. 3]	354.33	365.53
Interest accrued and due on borrowings	9.07	10.23
Interest accrued but not due on borrowings	0.83	0.65
Advances from Customers	339.68	493.78
Others:		
Book Overdraft	129.63	-
Provision for Expenses	587.86	596.29
Payable to Statutory Authorities	28.87	43.72
<b>Total</b>	<b>1,450.27</b>	<b>1,510.20</b>



Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 9-SHORT TERM PROVISIONS:</b>		
Provision for Employee Benefits	34.23	34.85
Others:		
Provision for Taxation	91.05	161.17
[Net of advance payment of taxes of ₹ 78.61 {as at 31-03-11: ₹ 8.50 } Lacs.]		
<b>Total</b>	<b>125.28</b>	<b>196.02</b>

**NOTE: 10-FIXED ASSETS:**

	Leasehold Land	Buildings	Plant and Equipments	Furniture and Fixtures	Vehicles	Office Equipments	Total
<b>A Tangible Assets:</b>							
<b>Gross Block:</b>							
As at March 31, 2011	1,630.77	5,728.84	28,885.21	71.76	154.78	271.19	36,742.55
Additions	-	3.44	145.41	3.67	48.27	9.49	210.28
Disposals	-	-	(18.00)	(0.23)	(11.19)	-	(29.42)
Other adjustments							-
As at March 31, 2012	1,630.77	5,732.28	29,012.62	75.20	191.86	280.68	36,923.41
<b>Depreciation:</b>							
As at March 31, 2011	18.13	1,972.06	19,229.17	63.58	114.38	223.65	21,620.97
Charge for the Period	16.47	342.64	1,476.43	3.93	17.49	14.40	1,871.36
Disposals	-	-	(15.80)	(0.14)	(10.46)	-	(26.40)
As at March 31, 2012	34.60	2,314.70	20,689.80	67.37	121.41	238.05	23,465.93
<b>Net Block:</b>							
As at March 31, 2011	1,612.64	3,756.78	9,656.04	8.18	40.40	47.54	15,121.58
As at March 31, 2012	1,596.17	3,417.58	8,322.82	7.83	70.45	42.63	13,457.48
<b>B Intangible Assets:</b>							
					Computer Software		Total
<b>Gross Block:</b>							
As at March 31, 2011					13.93		13.93
Additions					0.83		0.83
Disposals					-		-
Other adjustments					-		-
As at March 31, 2012					14.76		14.76
<b>Depreciation:</b>							
As at March 31, 2011					5.92		5.92
Charge for the period					4.04		4.04
Disposals					-		-
As at March 31, 2012					9.96		9.96
<b>Net Block:</b>							
As at March 31, 2011					8.01		8.01
As at March 31, 2012					4.80		4.80

Notes :

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

- Current prevailing market prices/derived rates attributable to land;
- Current cost of construction;
- Present day cost of equivalent new plant and machinery installed and ready for production;

Estimated useful life of fixed assets and related degree of obsolescence; Depreciation thereon since acquisition at an appropriate rates following Straight Line Method.

**Notes to the Financial Statements (Contd.....)**

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

<b>Assets revalued</b>	<b>Revaluation as on</b>	<b>Revaluation surplus ( ` In lacs)</b>
Lease hold Land	March 31, 2011	1,539.80
Buildings	March 31, 2011	2,735.11
Plant and Machineries	March 31, 2011	5,005.27
<b>Total</b>		<b>9,280.18</b>

2 Break up of additions, disposals and other adjustments for previous reporting period is as under:

	<b>INR - LACS</b>					
	Tangible Assets			Intangible Assets		
	Gross Block	Depreciation	Net Block	Gross Block	Depreciation	Net Block
Opening	27,320.02	19,776.07	7,543.96	2.63	2.26	0.36
Additions	174.30	1,229.73	(1,055.43)	11.30	3.66	7.64
Disposals	(31.95)	(17.26)	(14.69)	-	-	-
Revaluation Surplus	9,280.18	632.42	8,647.76	-	-	-
Closing	36,742.55	21,620.96	15,121.59	13.93	5.92	8.01

**NOTE: 11-DEFERRED TAX:**

**A** The Company has worked out deferred tax liabilities / assets as at March 31, 2012. In view of unabsorbed depreciation and business losses under tax laws, net result of computation is net deferred tax assets, which are not recognised as a matter of prudence and in absence of virtual certainty as to its realization.

**B** Break up of Deferred Tax Liabilities and Assets into major components of the respective balances are as under :

	<b>INR-LACS</b>				
	As at 31-03-10	Charge for the previous reporting period	As at 31-03-11	Charge for the current reporting period	As at 31-03-12
<b>Deferred Tax Liabilities:</b>					
Depreciation	850.57	(215.91)	634.66	(230.30)	404.36
Total	850.57	(215.91)	634.66	(230.30)	404.36
<b>Deferred Tax Assets:</b>					
Retirement benefits and other statutory allowances	68.02	0.23	68.25	23.36	91.61
Bad debts provision	84.08	(4.39)	79.69	4.61	84.30
Unabsorbed Business losses	-	-	-	529.67	529.67
Unabsorbed depreciation	4,109.12	(504.46)	3,604.66	419.70	4,024.36
Total	4,261.22	(508.62)	3,752.60	977.34	4,729.94
Net Deferred Tax Liability	(3,410.65)	292.71	(3,117.94)	(1,207.64)	(4,325.58)

<b>Particulars</b>	<b>INR - LACS</b>	
	<b>Figures as at end of</b>	
	<b>Current Reporting Period March 31, 2012</b>	<b>Previous Reporting Period March 31, 2011</b>
<b>NOTE: 12-LONG TERM LOANS AND ADVANCES:</b>		
[Unsecured, Considered Good unless otherwise stated]		
Security Deposits	<u>220.22</u>	<u>164.22</u>
Other Loans and Advances:		
Balances with Custom/ Central Excise/ Sales Tax Authorities	525.62	606.34
Advance payment of Tax (Net of Provision ` 114.50 Lacs, (Previous period ` 114.50 Lacs.))	<u>226.25</u>	<u>218.59</u>
	<u>751.87</u>	<u>824.93</u>
<b>Total</b>	<u><u>972.09</u></u>	<u><u>989.15</u></u>





Notes to the Financial Statements (Contd.....)

Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 13-INVENTORIES:</b>		
[The Inventory is valued at lower of cost and net realisable value]		
Classification of Inventories:		
Raw Materials	3,485.83	2,160.53
Work-in-progress	1,589.31	1,725.07
Finished Goods	1,205.07	1,699.04
Stores and Spares	2,005.15	2,027.64
Packing Materials	86.47	77.93
Others : Scrap	224.15	392.82
<b>Total</b>	<b>8,595.98</b>	<b>8,083.03</b>
Goods in transit included above is as under:		
Raw Materials - [Value - ` In lacs]	94.79	552.58
Finished Goods - [Value - ` In lacs]	258.08	923.78
During the current reporting period, the Company has valued raw materials at annual weighted average cost as against monthly moving average cost. This has resulted into change in the accounting policy hitherto followed by the Company. Consequent to this, the loss for current reporting period is lower by ` 94.29 lacs and inventories as at 31st March, 2012 is higher by equivalent amount.		
<b>NOTE: 14-TRADE RECEIVABLES:</b>		
[Unsecured]		
Outstanding for a period exceeding six months from the date they are due for payment:		
Considered good	2,495.21	2,725.89
Considered doubtful	253.76	239.89
	2,748.97	2,965.78
Less : Provision for doubtful debts	253.76	239.89
	2,495.21	2,725.89
Others-Considered good	3,906.28	4,543.72
<b>Total</b>	<b>6,401.49</b>	<b>7,269.61</b>
<b>NOTE: 15-CASH AND BANK BALANCES :</b>		
Balances with Banks		
In Current Accounts	16.95	13.70
In Fixed Deposits	885.82	751.69
Cash on Hand	13.80	15.55
<b>Total</b>	<b>916.57</b>	<b>780.94</b>
A Earmarked balances with banks:		
a Balances with Banks include balances to the extent held as margin money deposits against guarantee & Letter of Credit. Margin money lying with the Scheduled/ Nationalised banks is given against:		
i Guarantees	19.61	22.97
ii For opening letter of credits	866.21	728.71
b Bank deposits with maturity of more than 12 months (Company keeps Fixed deposit with the Nationalised / Scheduled banks, which can be withdrawn by the company as per its own discretion.)	29.36	74.00
<b>NOTE: 16-SHORT TERM LOANS AND ADVANCES:</b>		
[Unsecured, Considered Good]		
Others :		
Balances with Custom/ Central Excise/ Sales Tax Authorities	897.35	921.02
Advances to Suppliers	393.79	150.59
Other Advances : Advances recoverable in cash or in kind or for value to be received	13.89	17.98
<b>Total</b>	<b>1,305.03</b>	<b>1,089.59</b>

Particulars	INR - LACS	
	Figures as at end of	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 17-OTHER CURRENT ASSETS:</b>		
Interest Receivables	220.59	32.94
Insurance Claim Receivables	-	17.95
Export Incentive Receivables	1,033.73	786.08
Prepaid Expenses	288.24	231.17
Other Receivables	36.10	62.33
<b>Total</b>	<b>1,578.66</b>	<b>1,130.47</b>
<b>NOTE: 18-CONTINGENT LIABILITIES AND COMMITMENT [TO THE EXTENT NOT PROVIDED FOR]:</b>		
<b>A Contingent Liabilities:</b>		
a In respect of guarantees given by Banks and/or counter guarantees given by the Company	152.36	120.87
b Other money for which the company is contingent liable:		
i In respect of the demands raised by the Central Excise & Service Tax Authority	400.87	437.98
ii In respect of Income Tax matters pending before appellate authorities which the Company expects to succeed, based on decisions of Tribunals/Courts.	249.15	235.70
iii Letters of Credit	505.42	355.51
iv Dividend on Cumulative Preference Shares	1,437.56	1,027.31
v Interest on Electricity Duty Deferment Loan	83.18	83.18
vi Labour Matters	50.00	45.00
vii Total	2,878.54	2,305.55
<b>B Commitments:</b>		
a Estimated amount of contracts remaining to be executed on capital account and not provided for [ Net of Advances ]	20.57	3.31
b Commitments under Wage Settlement agreement with the workers of the Company	52.48	-
<b>Total</b>	<b>73.05</b>	<b>3.31</b>
<p>The Company has entered into a supply agreement with supplier of Zinc during the period from 1st April, 2012 to 31st March, 2013 under which it is under obligation to purchase minimum 3000 MT of Zinc during the said period with a minimum monthly commitment of 250 MT. In case of any shortfall, the favourable pricing treatment would not be available to the Company for such shortfall quantity, the amount of which is not ascertainable.</p>		
<b>NOTE: 19-REVENUE FROM OPERATIONS:</b>		
<b>Sales of Goods</b>		
Sales	46,690.11	53,735.21
	<b>46,690.11</b>	<b>53,735.21</b>
<b>Other Operating Revenues:</b>		
Net Gain on foreign currency transactions and translation	-	85.57
Export Incentives	1,922.27	1,620.51
<b>Total</b>	<b>1,922.27</b>	<b>1,706.08</b>
<b>Details of Sales of Goods</b>		
Cold Rolled Coils/Sheets	20,789.64	26,985.34
Galvanised Coils/Sheets	23,190.24	23,674.97
Others : Secondary Sales	1,077.97	1,272.75
<b>NOTE: 20-OTHER INCOME:</b>		
Interest Income [Gross]	89.13	49.61
Net Gain on Sale of Assets	1.42	24.21
Other Non-operating Income	50.67	79.43
<b>Total</b>	<b>141.22</b>	<b>153.25</b>



Notes to the Financial Statements (Contd.....)

Particulars	INR - LACS	
	Figures for the	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 21-COST OF MATERIALS CONSUMED:</b>		
Raw Materials:		
Stock at commencement	2,160.53	697.72
Add : Purchases	37,373.55	42,334.50
	<b>39,534.08</b>	43,032.22
Less : Stock at close	3,485.83	2,160.53
	<b>36,048.25</b>	40,871.69
Packing Materials consumed	485.03	612.05
<b>Total</b>	<b>36,533.28</b>	41,483.74
<b>Details of Raw Materials Consumed</b>		
H R Coils	32,051.79	37,005.93
Zinc	3,996.46	3,865.76

**NOTE: 22-CHANGES IN INVENTORIES:**

Stock at close:		
Work-in-progress	1,589.31	1,725.07
Finished Goods	1,428.65	2,077.66
	<b>3,017.96</b>	3,802.73
Less: Stock at commencement:		
Work-in-progress	1,725.07	1,703.83
Finished Goods	2,077.66	1,437.73
	<b>3,802.73</b>	3,141.56
	784.77	(661.17)
Differential Excise Duty on Opening and Closing stock of Finished Goods	(3.81)	12.44
<b>Total</b>	<b>780.96</b>	(648.73)

Details of Inventories	As at 31-03-10	As at 31-03-11	As at 31-03-12
<b>Finished Goods</b>			
Cold Rolled Coils/Sheets	1068.42	1,429.15	625.32
Galvanised Coils/Sheets	369.31	648.51	803.33
<b>Work - in - progress</b>			
Cold Rolled Coils/Sheets	1366.19	1,341.83	1,284.06
Galvanised Coils/Sheets	337.64	383.24	305.24

Particulars	INR - LACS	
	Figures for the	
	Current Reporting Period March 31, 2012	Previous Reporting Period March 31, 2011
<b>NOTE: 23-EMPLOYEE BENEFIT EXPENSE:</b>		
Salaries and wages	786.13	669.00
Contribution to provident and other funds	64.47	61.81
Staff welfare expenses	249.17	231.93
<b>Total</b>	<b>1,099.77</b>	962.74

**INR - LACS**

Particulars	Figures for the	
	Current	Previous
	Reporting Period March 31, 2012	Reporting Period March 31, 2011
<b>NOTE: 24-FINANCE COST:</b>		
Interest expense [*]	1,677.57	1,460.36
Other Borrowing Costs	41.17	20.38
Bank commission & charges	645.03	629.98
<b>Total</b>	<b>2,363.77</b>	<b>2,110.72</b>
[*] The break up of interest expense into major heads is given below:		
On term loans	89.57	124.50
On working capital loans	716.89	503.16
Others	871.11	832.70
	<b>1,677.57</b>	<b>1,460.36</b>
The Company has submitted Corporate Debt Restructuring Scheme to CDR Cell, which has been admitted for necessary consideration and approval by the Empowered Group of CDR Cell. The said scheme is under consideration and discussion with the Member Banks of Consortium, which have granted various credit facilities. Pending approval of the CDR Scheme, the company has shown the amount of ₹ 185.86 Lacs as Interest Receivable on account of relief proposed by way of reduced interest rates in the CDR Scheme.		
<b>NOTE: 25-OTHER EXPENSES:</b>		
Consumption of Stores and Spare Parts	1,610.48	1,875.23
Other Manufacturing Expenses	312.60	261.66
Power & Fuel	2,294.49	2,328.11
Rent [*]	9.76	10.83
Repairs to Buildings	16.43	41.16
Repairs to Plant and Machinery	171.71	177.86
Repairs to Others	5.80	6.46
Insurance	78.46	75.61
Rates and Taxes [excluding taxes on income]	4.49	10.80
Directors' Remuneration	143.51	50.98
Independent non-executive Directors Remuneration	6.00	(2.10)
Traveling Expenses	148.71	147.61
Legal and Professional Fees	89.67	89.05
Net Loss on foreign currency transactions and translation	177.02	0.00
Commission on Sales	181.43	214.35
Freight and Forwarding on Sales	2,413.13	2,691.11
Other Marketing Expenses	62.89	112.29
Bad Debts:		
Bad debts written off	-	-
Provision for Doubtful Debts	13.87	-
	<b>13.87</b>	<b>-</b>
Less : Transferred from Provision for Doubtful Debts	-	7.47
Directors' Fees	1.78	1.58
Donations	0.31	7.89
Prior Period Expenditure/(Income) Net	7.36	30.70
Miscellaneous Expenses [**]	221.26	194.48
<b>Total</b>	<b>7,971.16</b>	<b>8,318.19</b>

[\*] Rent Expenses:

The Company has taken various residential/office premises/godowns under operating lease or leave and license agreement. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords.

The Company has given refundable interest free security deposits in accordance with the agreed terms. The lease payments are recognised in the statement of Profit and Loss.

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/cancellable at the option of either of the parties. There is no escalation clause in the lease agreement. There are no sub-leases. Lease payment recognised in the statement of Profit and Loss is ₹ 8.81 lacs [Previous reporting period- ₹ 9.66 lacs]

[\*\*] Miscellaneous Expenses include Payment to the auditors as [Excluding Service Tax]:



Notes to the Financial Statements (Contd.....)

INR - LACS

Particulars	Figures for the	
	Current	Previous
	Reporting Period March 31, 2012	Reporting Period March 31, 2011
a i Auditors	8.00	5.00
ii For Taxation Matters	2.50	1.50
iii For Other Services	1.65	1.56
iv Total	<u>12.15</u>	<u>8.06</u>
b Cost Auditor's Remuneration including Service Tax and out of Pocket Expenses	2.00	-

**NOTE: 26-CALCULATION OF EARNINGS PER EQUITY SHARE [EPS]:**

The numerators and denominators used to calculate the basic and diluted EPS are as follows:

A Profit/(Loss) after tax	INR - Lacs	(2,870.59)	252.35
B Dividend on cumulative Preference shares	INR - Lacs	410.25	410.25
C Loss after tax attributable to Equity Shareholders			
a Before Exceptional items	INR - Lacs	(3,280.84)	(157.90)
b After Exceptional items	INR - Lacs	(3,280.84)	(157.90)
D Basic and weighted average number of Equity shares outstanding during the period	Numbers	42,561,822	42,561,822
E Nominal value of equity share	INR	10	10
Basic & Diluted EPS			
a Before Exceptional items	INR	(7.71)	(0.37)
b After Exceptional items	INR	(7.71)	(0.37)

**NOTE: 27-VALUE OF IMPORTS CALCULATED ON CIF BASIS:**

Raw Materials	11,199.65	8,421.70
Spare Parts	249.11	429.89
Capital Goods	-	46.13

**NOTE: 28-EXPENDITURE IN FOREIGN CURRENCY:**

Professional and Consultation Fees	16.40	9.69
Others [including Travelling, Commission, Patent fees, Trademarks, Personnel cost, Research & Development expenses, Marketing expenses etc.]	497.26	109.55

**NOTE: 29-EARNINGS IN FOREIGN EXCHANGE:**

Export of goods calculated on F.O.B. basis	25,897.32	29,838.46
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**NOTE: 30-REMITTANCES MADE ON ACCOUNT OF DIVIDEND IN FOREIGN CURRENCY**

Nil Nil

	Current Reporting Period		Previous Reporting Period	
	March 31, 2012		March 31, 2011	
	INR - LACS	% to Total	INR - LACS	% to Total

**NOTE: 31-RAW MATERIALS AND SPARE PARTS CONSUMED:**

**Value of Raw Materials Consumed:**

Imported	9,663.54	26.81	9,176.49	22.45
Indigenous	26,384.71	73.19	31,695.20	77.55
<b>Total</b>	<u>36,048.25</u>	<u>100.00</u>	<u>40,871.69</u>	<u>100.00</u>

**Value of Spare parts Consumed:**

Imported	215.55	13.38	323.15	17.23
Indigenous	1,394.93	86.62	1,552.08	82.77
<b>Total</b>	<u>1,610.48</u>	<u>100.00</u>	<u>1,875.23</u>	<u>100.00</u>

**Notes to the Financial Statements (Contd.....)**
**NOTE: 32-SEGMENT INFORMATION:**

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

**SECONDARY BUSINESS SEGMENT BY GEOGRAPHICAL MARKET**

	<u>Within India</u>	<u>Outside India</u>	<u>INR-LACS</u> <u>Total</u>
<b>i Sales Revenue</b>			
Current reporting period	17,926.27	27,131.57	45,057.84
Previous reporting period (Sale revenue is net of excise duty.)	20,355.87	31,577.20	51,933.07
<b>ii Carrying amount of segment assets</b>			
Current reporting period	20,768.58	4,047.12	24,815.70
Previous reporting period (Assets outside India include Export receivables)	19,982.62	5,516.76	25,499.38
<b>iii Additions to fixed assets</b>			
Current reporting period	211.11	-	211.11
Previous reporting period	185.60	-	185.60

**NOTE: 33-RELATED PARTY TRANSACTIONS:**
**A Name of the Related Party and Nature of the Related Party Relationship:**
**a Holding Company:**

Spica Investments Limited

**b Directors and their relatives:**

Mr. R. P. Chandaria	Non-Executive Director
Mr. Rashmi Chandaria	Non-Executive Director
Mr. P. G. R. Prasad	Non-Executive Independent Director
Mr. Mahendra Lodha	Non-Executive Independent Director
Mr. Jatinder Mehra	Non-Executive Independent Director
Dr. R. S. Mamak	Executive Vice Chairman
Mr. Krishna Kumar M. Joshi	Managing Director (from 20.06.2011 to 31.10.2011)
Mr. N. M. Mohnot	Managing Director (from 09.11.2011)
	Dy. Managing Director (upto 08.11.2011)
Mrs. Saroj Mohnot	Wife of Managing Director

**c Enterprises significantly influenced by Directors and/or their relatives:**

Amfin Finser (India) LLP  
Disha Infin Advisor Pvt. Ltd.

**B Transactions with Related Parties:**

The following transactions were carried out with the related parties in the ordinary course of business :

**a Details relating to parties referred to in items 33 - A [b & c]**

Nature of Transactions	“Value of the Transactions [ INR LACS ]			
	Directors & their Relatives		Enterprises significantly influenced by Directors and/or their relatives	
	Reporting period ended March 31,			
	2012	2011	2012	2011
<b>Purchases:</b>				
<b>Services:</b>				
Remuneration to Directors	139.40	50.98		
Sitting Fees	1.78	1.58		
House Rent to a relative of a Director	4.11	-		
Reimbursement of Travelling Expenses (Disha Infin Advisor Pvt. Ltd.)			1.80	-
Professional Fees (Amfin Finser (India) LLP)			9.51	-
<b>Total</b>	<b>145.29</b>	52.56	<b>11.31</b>	-
<b>Finance:</b>				
<b>Loans Repaid:</b>				
Loan (Principal)	-	889.08	-	-
Interest Paid	-	132.44	-	-
<b>Total</b>	-	1,021.52	-	-

**NOTE: 34**

The Company has incurred substantial losses and its net worth has been eroded substantially. Company has also incurred substantial cash loss during the current reporting period. However, having regard to the master debt recast agreement under negotiation and advanced stage under Corporate Debt Restructuring Scheme ("CDR"), infusion of additional funds etc., the financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities. However, the appropriateness of assumption of going concern is dependent upon the approval of CDR and company's ability to raise requisite finance or generate cash flows in future to meet its future revival plans and for continuing operations.

**NOTE: 35**

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

**NOTE: 36**

The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous Period's figures have been regrouped/ reclassified wherever necessary to correspond with the current period's classifications/ disclosure.

**Signatures to Significant Accounting Policies and Notes 1 to 36 to the Financial Statements**

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As per our report of even date

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

**Chandresh S. Shah**  
**Partner**  
Membership No: 42132

Place : Ahmedabad  
Date : 15-06-2012

For and on behalf of the Board

**Dr. R.S.Mamak**  
Executive Vice Chairman

**Sunil Singhvi**  
Joint General Manager(Finance)

Place : New Delhi  
Date : 15-06-2012

**N.M. Mohnot**  
Managing Director

**Arvind Tambi**  
Asst. Company Secretary

**Dear Members,**

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

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

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

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





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

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
being a Member(s) of the above named Company hereby appoint \_\_\_\_\_  
\_\_\_\_\_ or failing him \_\_\_\_\_

\_\_\_\_\_ as my/our proxy to attend and vote for me/us on  
my/our behalf at the TWENTY SECOND ANNUAL GENERAL MEETING of the Steelco Gujarat Limited to be held on  
Saturday, the 29th September 2012 at 3.30 p.m. at the Registered Office of the Company or any adjournment thereof.

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

Regd. Folio No. / D.P. ID. No. \_\_\_\_\_

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

Affix  
Revenue  
Stamp of  
Re.1/-

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



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

**ATTENDANCE FORM**

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

Name : \_\_\_\_\_ Folio No. / DP. ID. No. \_\_\_\_\_ No. of Shares \_\_\_\_\_

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the Steelco Gujarat Limited to  
be held on Saturday, 29th September 2012 at 3.30 P.M. at the Registered Office of the Company or any adjournment  
thereof.

Please ✓ in the appropriate box.

Member

Proxy

\_\_\_\_\_  
Name of the Proxy in Block Letters

\_\_\_\_\_  
Member's Signature

\_\_\_\_\_  
Proxy's Signature

## COMPANY INFORMATION

### BOARD OF DIRECTORS

Mr. R. P. Chandaria	Director
Mr. Rashmi Chandaria	Director
Mr. J. Mehra	Director
Mr. Mahendra Lodha	Director
Mr. Vimal Chandaria	Alternate to Mr. R. P. Chandaria
Dr. R. S. Mamak	Executive Vice Chairman
Mr. N. M. Mohnot	Managing Director (w.e.f. 09-11-2011)
Mr. P. G. R. Prasad	Director

### Jt. GENERAL MANAGER FINANCE

Mr. Sunil Singhvi

### ASST. COMPANY SECRETARY

Mr. Arvind Tambi

### REGISTERED OFFICE & WORKS

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

### REGISTRAR & SHARE TRANSFER AGENT

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

### BANKERS

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

### STATUTORY AUDITORS

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

### INTERNAL AUDITORS

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

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