

ANNUAL REPORT 2011-12



"Leadership Through Excellence in Technology, Quality & Exports"



**NATIONAL STEEL
AND AGRO INDUSTRIES LIMITED**
(Formerly National Steel Industries Limited)
Certified ISO 9001 : 2008
Certified ISO 14001 : 2004

PERFORMANCE AT A GLANCE

	(₹ in lacs)				
	2011-12	2010-11	2009-10	2008-09	2007-08
Net Sales	291375	264408	231231	222344	226472
PBIDT	15112	13489	12114	339	8801
PBDT	5159	5720	4506	-7213	6255
PBT	3406	3937	2732	-8931	4187
PAT	2873	3224	2500	-8908	2521
Cash Accruals	4234	4640	3972	-7400	4296
No. of Equity Shares (Weighted average)	445.00	327.33	326.03	326.03	326.03
EPS (₹)	5.88	9.06	6.88	-28.11	6.94
Cash EPS (₹)	9.52	14.17	12.18	-22.70	13.18
Net Worth*	31076	28618	23658	20780	29908
Total Borrowings	29014	32483	28860	26063	24317
Debt Equity Ratio	1.30	1.64	1.96	2.22	1.16
Book Value per Share (₹)	57.47	70.62	55.69	46.86	74.86
Gross Block**	45167	40824	38457	39253	37029
Net Block	22730	20117	19529	20934	20423

* including Deferred Tax Liability and Preference Share Capital

** including Capital Work in Progress

NOTICE

NOTICE is hereby given that the **Twenty Sixth Annual General Meeting** of the Company will be held on Thursday the 27th day of September, 2012 at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400001 at 12.00 Noon to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company and the Reports of Directors' and Auditors' thereon for the year ended 31st March, 2012.
2. To appoint a Director in place of Mr. Navin Khandelwal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Veer Kumar Jain who retires by rotation and being eligible, offers himself for reappointment.
4. To declare dividend on Redeemable Preference Shares.
5. To appoint M/s Manoj Khatri & Company, Chartered Accountants as Statutory Auditors of the Company.

Registered Office :

621, Tulsiani Chambers,
Nariman Point,
Mumbai - 400 021

By Order of the Board

Place : Indore

Dated : 30.05.2012

Paridhi Kasliwal

(Company Secretary)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY(IES) NEED NOT BE MEMBER(S) OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST REACH AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and Share Transfer Books of the Company shall remain closed from 23rd July, 2012 to 25th July, 2012 (both days inclusive).
3. All documents referred to the accompanying notice are open for inspection at the Registered Office of the Company during the office hours on all working days except holidays between 10.00 A.M. and 12.00 Noon up to the date of the Annual General Meeting.
4. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details, Electronic Clearing Services (ECS), mandates, nominations, power of attorney, change of address, change of name and email address etc., to their Depository

Participant (DP). Change intimated to Depository Participant will then be automatically reflected in the Company's Records which will help the Company and the Company's Registrar and Share Transfer Agents, **Sarthak Global Ltd. (SGL)** to provide efficient and better services.

Members holding shares in physical form are requested to intimate such change to SGL. The transferee(s) are required to furnish a copy of their PAN Card to the SGL for registration of transfer of shares in physical form.

5. Members who have multiple folio/accounts in identical names or joint names in the same order are requested to send all the Share Certificate(s) to SGL for consolidation of all such shareholdings into one account. A Consolidated share Certificate will be returned to such members after making requisite changes thereon.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in order of names will be entitled to vote.
7. Members are requested to :
 - a. Write the Company at least 7 days in advance for any further information on Accounts so as to enable the Company to keep information ready at the meeting.
 - b. Deposit duly filled in attendance slip annexed to the proxy form at the entrance to the place of Meeting.
 - c. Bring their copies of the Annual Report with them at the Meeting.
8. As per the Green Initiative of MCA, members are requested to provide their **E-mail addresses** to SGL, in order to receive the various Notices, Annual Report and other Notifications from the Company, in electronic form.

Considering the potential for saving in paper and printing, we are sure that you will subscribe to and support this noble "Green Initiative".

For Shareholders holding shares in Electronic Form and whose e-mail id is registered in the Depository records, the Company will send them various Notices / Annual Report / Correspondences etc. in electronic form. In case these shareholders desire to receive the above documents in physical form, they are requested to send an e-mail to investor_relations@nsail.com.

9. All queries relating to Share Transfer and allied subjects should be addressed to:
Sarthak Global Limited,
Unit :- National Steel and Agro Industries Ltd.
170/10 R.N.T. Marg, (Film Colony), Indore -452 001 (M.P.)
Phone no. - 0731-2523545, 2526388 Fax no.- 0731-2526388
Or Mail at investor_relations@nsail.com

Place : Indore
Dated : 30.05.2012

By Order of the Board

Paridhi Kasliwal
(Company Secretary)

NATIONAL STEEL AND AGRO INDUSTRIES LIMITED
Regd. Office: 621, Tulsiani Chambers, Nariman Point, Mumbai - 400 021

**TWENTY SIXTH ANNUAL GENERAL MEETING
ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE TO THE PLACE OF THE MEETING

I/We hereby record my/our presence at the 26th Annual General Meeting of the Company to be held on Thursday, the 27th day of September, 2012 at 12 Noon at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400001

Name of Shareholder / Proxy (in Block Letters)	Regd. Folio No. / DP ID & Client ID
Signature of Shareholder / Proxy	

Note : Member/Proxy holder desiring to attend the meeting should bring his/her copy of the Annual Report for reference at the meeting.

PROXY FORM

NATIONAL STEEL AND AGRO INDUSTRIES LIMITED
Regd. Office: 621, Tulsiani Chambers, Nariman Point, Mumbai - 400 021

I/ We _____ of _____

being a member of National Steel and Agro Industries Limited, hereby appoint _____ of _____ (or failing him)

_____ of _____

as my/our proxy to attend and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to be held on Thursday, the 27th day of September, 2012 at 12 Noon at M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400001.

Signed this _____ day of _____ 2012

Affix Revenue Stamp of Rupee 1/-
--

Signature _____

PROXY NAME	REGD. FOLIO / DP ID & CLIENT ID	NO. OF SHARE(S)

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Mr. Kailashchandra Shahra, Chairman
2. Mr. Santosh Shahra, Managing Director
3. Mr. P. Srikrishna, Whole-time Director
4. Mr. Navin Khandelwal, Director
5. Mr. Veer Kumar Jain, Director
6. Mr. Rajesh Nema, Director

AUDIT COMMITTEE

1. Mr. Navin Khandelwal - Chairman
2. Mr. Santosh Shahra
3. Mr. Rajesh Nema

COMPANY SECRETARY

Ms. Paridhi Kasliwal

REGISTRAR & SHARE TRANSFER AGENT

Sarthak Global Limited

170/10, R.N.T. Marg,

Indore - 452 001 (M.P.)

Phone : (0731) - 2523545, 2526388

Fax : (0731) - 2526388

E-mail : sgl@sarthakglobal.com

E-MAIL ID FOR REGISTRATION

OF INVESTORS COMPLAINTS

investor_relations@nsail.com

BANKERS

1. IDBI Bank Ltd.
2. State Bank of India
3. State Bank of Travancore
4. Bank of Maharashtra
5. United Bank of India
6. Andhra Bank
7. Oriental Bank of Commerce
8. State Bank of Patiala
9. Central Bank of India
10. Punjab National Bank

STATUTORY AUDITORS

M/s Manoj Khatri & Company
Chartered Accountants, Indore

COST AUDITORS

M/s. M. Goyal & Company
Cost Accountants, Jaipur

STOCK EXCHANGES WHERE THE COMPANY'S EQUITY SHARES ARE LISTED

Bombay Stock Exchange Limited
National Stock Exchange of India Limited

ADMINISTRATIVE OFFICE

401, Mahakosh House,

7/5 South Tukoganj,

Nath Mandir Road,

Indore - 452 001 (M.P.)

Phone : (0731) - 2518167-69

Fax : (0731) - 2516714

E-mail : nsail_indore@nsail.com

REGISTERED OFFICE

621, Tulsiani Chambers

Nariman Point,

Mumbai - 400 021 (Mah.)

Phone : (022) 22025098,
22886267

Fax : (022) 22025084

E-mail : nsail_mumbai@nsail.com

WORKS

Village - Sejwaya

Tehsil - Dhar

District - Dhar (M.P.)

WEBSITE

www.nsail.com

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**DIRECTORS' REPORT TO THE SHAREHOLDERS AND
MANAGEMENT DISCUSSION & ANALYSIS REPORT**

Dear Shareholders,

Your Directors have pleasure to present Twenty Sixth Annual Report on the business and operations of the Company alongwith the Audited Statement of Accounts for the Financial Year ended 31st March, 2012.

FINANCIAL RESULTS

(₹ in lacs)

PARTICULARS	Year ended 31.03.2012	Year ended 31.03.2011
Sales and Other Income	2,91,375	2,64,408
Earning before Interest Tax, Depreciation and Amortisation (EBITDA)	15,112	13,489
Finance Cost	9,953	7,769
Depreciation	1,753	1,782
Profit before Tax (PBT)	3,406	3,937
Provisions for :-		
Income Tax/Adjusted for earlier years (Net)	691	830
Deferred Tax	(159)	(116)
Profit / (Loss) after Taxation (PAT)	2,873	3,224
Add: Profit b/f from previous year	8,113	5,146
Amount available for appropriation	10,986	8,370
Surplus carried to Balance Sheet	10,730	8,113

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Clause 49(IV)(F) of the Listing Agreement, your Directors Report as follows :

a) **Industry Structure and Developments**

The pace of social and economic growth has been linked to the proficiency with which steel is used. Per capita steel consumption is a key indicator of economic development of a nation. With a per capita steel consumption of close to 60 Kg. India qualifies as a developing nation but is below the world average of 215 Kg and far below the 250 Kg mark required to be among the developed nations.

In India the steel industry plays a significant role in economic growth with major contribution to traditional sectors such as infrastructure and construction, automobile and white goods. It also employs a huge number of people and often indirect employment as well. For every person directly employed in steel seven other jobs are created in supporting the industry and supplying services to its employees.

India emerged as the fourth largest steel producer in the world with 72.2 million tones in 2011 after China, Japan & the US.

b) **Opportunities and Threats**

India's low per capita steel consumption offers a huge opportunity for capacity expansion in the industry, specially the flat steel producers. There has been a clear shift in the steel industry in India towards sophisticated value added steel used in the automotive sector and white goods. (India's flat steel consumption is slightly less than the long steel consumption. As a developing nation this ought to be higher). Due to political conditions some of the Government plans to invest in infrastructure and boost economic growth have been delayed. Twelfth five year plan (2012-17) forecasts investment of approximate ₹ 45 trillion. The renewed focus on infrastructure needs and expansion of manufacturing base is sure to drive growth.

According to 'Fitch Ratings' demand for steel from the automobile, white goods and construction would continue to grow through 2012, though at a low rate of 6-7 per cent. Steel demand has a high correlation with growth in GDP which is showing signs of a slow down.

c) **Segment-wise performance**

The Segments identified by the Company are as under :

- 1) Manufacturing Segment
- 2) Trading Segment

The segmentwise performance in detail is given in Note 32 to the audited accounts of the Company.

d) **Out Look**

Global steel market developments are likely to remain generally positive but with lower growth. A cautious buying behaviour is likely to continue due to the high degree of uncertainty in general business climate as well as cash and credit constraints faced by business. Global Steel giants are still keen on setting up plants of huge capacities once the land acquisition and ore mine allocation issues are resolved.

The outlook for Agro trade business is also expected to be good keeping in view the fairly good monsoon.

e) **Risks and Concerns**

Global economic growth is expected to slow to 3.5% because of Euro zone crises and painfully slow recovery of US. The rupee's depreciation against the USD and the reluctance of the government to carry out long pending reforms due to coalition 'Pressures' are sure dampener for industrial growth. Managing growth and controlling inflation are the major challenges in macro economic policies.

Government policies to curb steel imports by increasing duty may reduce competitiveness of the industry.

f) **Internal control systems and their adequacy**

The Company has an adequate system of internal control which fosters reliable financial reporting, safeguards assets and encourages adherence to management policies. The management reviews periodically various issues which have a bearing on the performance of the Company. The strategic decision is taken to ensure Company's growth and protect the interest of shareholders.

The Company has well defined Organization Structure, Authority Levels, Internal Rules and Guidelines for conducting business transactions. Internal Audit was conducted on an ongoing basis during the year by Internal Auditors.

The Internal Audit Report and the progress on the implementation of the recommendations by the Internal Auditors were also discussed in the Audit Committee Meetings. Besides this, the Audit Committee of the Board of Directors also ensures proper compliance of applicable Laws, Accounting Standards and Regulatory Guidelines etc.

g) **Discussion on Financial Performance with respect to Operational Performance**

Your Company's top line performance was better than last year. Your Company turnover increased by 10% to ₹ 2911.70 crores as against ₹ 2,635.24 crores for the corresponding previous year.

Your Company achieved export turnover of ₹ 507.23 Crores as compared to ₹ 545.12 Crores for the corresponding previous year.

The EBIDTA for the year was higher by 12% to ₹ 151.12 Crores as compared to ₹ 134.89 Crores in the previous year. The Profit before Tax was ₹ 34.06 crores (₹ 39.37 crores in F.Y 2010-11) and Profit after tax was ₹ 28.73 crores (₹ 32.24 in F.Y 2010-11).

Your Company did fair in Agro Segment also during the year under review.

Your Directors are confident to improve this performance in the current Financial Year.

h) **Material developments in Human Resources/ Industrial Relations front**

National Steel has always endeavoured to be an employer of choice by recognizing the people as its greatest asset. Providing equal opportunity to people of all back ground and different skills has helped foster a good work ethic. Employees in turn exhibit a great sense of belongingness and team spirit. Human Resources Department ensures high level of motivation and commitment among its employees. A healthy and safe working environment is a top priority at NSAIL. The Company has total 644 employees.

i) **Material Financial and Commercial Transactions**

There are no materially significant financial and commercial transactions with the related parties conflicting with the interest of the Company during the Financial Year under review. The Promoters, Directors and Senior Management personnel are not dealing in the Equity Shares of the Company.

j) **Cautionary Statement**

The above Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be "**forward looking statements**" within the meaning of applicable Securities Laws and Regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include external economic conditions affecting demand/ supply influencing price conditions in the market in which the Company operates, changes in Government Regulations, Statutes, Tax Laws and other incidental factors.

DIVIDEND ON PREFERENCE SHARES

The Board has declared final dividend @ 4% P.A. on 55,01,022 Redeemable Cumulative Preference Shares for the Financial Year 2011-12.

Keeping in mind the need to conserve resources, your Board of Directors does not recommend any dividend on Equity Shares for the year under review.

CORPORATE GOVERNANCE

Your Company has been particular in implementing and complying the norms of Corporate Governance. Your Company has been complying all the mandatory requirements of Clause 49 of the Listing Agreement. A detailed report on Corporate Governance along with Certificate from Statutory Auditors confirming the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of listing Agreement is annexed to the Report of Corporate Governance.

DIRECTORS

In pursuance of Section 256 of the Companies Act, 1956 and Articles of Association of the Company, Shri Navin Khandelwal and Shri Veer Kumar Jain, Directors, retires by rotation and being eligible, offer themselves, for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- i) in the preparation of Annual Accounts, the applicable Accounting Standards have been followed;
- ii) they have selected such Accounting Policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;

- iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the Annual Accounts on a going concern basis.

AUDITORS

(a) Statutory Auditors :

M/s Manoj Khatri & Company, Chartered Accountants retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves, for reappointment. The said Auditors have confirmed that their appointment, if made, shall be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956.

(b) Cost Auditors :

The Board of your Company has re-appointed M/s. M. Goyal & Co., Cost Accountants as the Cost Auditor of the Company for the Financial year 2012-13 pursuant to provisions of Section 233B of the Companies Act 1956. The said Auditors have confirmed that their appointment, if made, shall be within the limits as prescribed under Section 224(1B) of the Companies Act, 1956. The Cost Auditor shall submit the report along with their observations and suggestions, and Annexure to the Central Government within stipulated time period.

FIXED DEPOSITS

Your Company did not accept any deposit from the Public during the year under review.

INSURANCE

Your Company's Fixed Assets have been adequately insured.

DISCLOSURES OF PARTICULARS

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure I to this Report.

Additional information regarding the conservation of energy, technology absorption and foreign exchange earnings and outgo, required under Section 217(1)(e) of the Companies Act, 1956 is set out in a separate statement as Annexure II attached to this report and forms part of it.

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to express their deep sense of gratitude to the Central, State Government and Local Authorities, Financial Institutions, Banks, Customers, Dealers, Vendors and all the stakeholders for their continued cooperation and support to your Company.

The Board of Directors wishes to express its appreciation to all the employees of the Company for their outstanding contribution to the successful operations of the Company.

The Board specially thank to the shareholders for their continued confidence and faith in the Company.

For and on behalf of the Board

Place : Indore
Date : 30.05.2012

Kailashchandra Shaha
(Chairman)

Annexure – I**STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AS AMENDED AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.**

S. No.	Name of the Employee	Age	Designation	Gross Remuneration (₹ in crores)	Qualification	Experience (in years)	Date of commencement of employment	Particular of past employment	No. of Shares Held (%)
1.	Mr. Santosh Shahra	65	Managing Director	1.54	B.E. (Mech), M.S. (USA)	41	01.07.1986	Nutrela Marketing Pvt. Ltd., Mumbai	218400 (0.49%)

- Notes :**
1. Remuneration includes salary, allowances and monetary value of taxable perquisites.
 2. Employment of Mr. Santosh Shahra is on contractual basis.
 3. Mr. Santosh Shahra is relative of Mr. Kailashchandra Shahra, Chairman.

For and on behalf of the Board

Place : Indore
Dated : 30.05.2012**Kailashchandra Shahra**
(Chairman)**Annexure – II****INFORMATIONS AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS') RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012.****A) CONSERVATION OF ENERGY**

NSAIL has an Energy Conservation Cell which constantly monitors all the energy conservation efforts and ensures implementation of its Energy Management Policy. Efforts are put in continuously to conserve energy. Particulars of Total Energy Consumption and Energy Consumption per unit of production is given below :

	Current Year 2011-12	Previous Year 2010-11
A: Power and Fuel Consumption:		
1. Electricity		
a) Purchased		
Unit (Kwh)	3,34,06,280	3,01,64,190
Total Amount (in lacs)	1,520.67	1,474.88
Rate/Unit in ₹	4.55	4.89
b) Own generation		
I) Through Diesel/FO Generator		
Unit (Kwh)	0	13,47,040
Unit/Ltr. of Diesel Oil/FO	0	3.55
Cost /Unit in ₹	0	7.40
II) Through Gas Generator		
Unit (Kwh)	2,27,54,050	2,88,90,400
Gas Unit/MMBTU	89.97	71.21
Cost /Unit in ₹	5.53	5.42

	2011-12	2010-11
	Total	Total
2. Furnace Oil		
Quantity (K. Ltrs)	0	379.05
Total Amount in lacs	0	99.66
Rate/Kl in ₹	0	26,292
3-A. Others Fuel Consumption		
Quantity in (K. Ltrs)	35.32	68.63
Total Cost in lacs	13.67	42.50
Rate/Kl in ₹	38,711	61933
3-B. Others/Internal Generation (RLNG)		
Quantity in MMBTU	5,66,190.55	5,66,918.73
Total Cost in lacs	2,817.55	2,189.65
Rate/MMBTU in ₹	497.63	386.24
B) Consumption per unit of production		
CR Coil		
CR Coil Production in MT	2,77,471.31	2,94,713.07
Electricity in PMT	118.52	114.70
RLNG/MT in MMBTU	0.02	0.00
GP Coil		
GP Coil Production in MT	2,43,051.24	2,24,460.31
Electricity in PMT	51.63	49.19
RLNG/MT in MMBTU	0.75	0.50
Colour Coated Coil		
Colour Coated Coil Production in MT	91,882.79	93,435.39
Electricity in PMT	57.68	48.91
RLNG/MT in MMBTU	0.97	0.53
Lead Alloys Ingots		
Lead Alloy Ingots Production in MT	7,652.19	2,506.96
Electricity in PMT	41.64	51.66
RLNG/MT in MMBTU	1.09	0.00
Al Alloys Ingots		
Al Alloy Ingots Production in MT	4,693.92	1,683.27
Electricity in PMT	76.81	175.50
RLNG/MT in MMBTU	5.75	0.00

B) TECHNOLOGY ABSORPTION**1) Research & Development**

Various R&D activities are carried out by Quality Control and Production Department with the help of Maintenance Department to continuously improve processes and quality.

2) Technology Absorption

Technical persons of all departments continuously upgrade equipments/introduce new maintenance tools through Technical literature, discussion with suppliers and attending conferences for improvement of process to improve productivity and quality.

C) FOREIGN CURRENCY EARNINGS AND OUTGO

The Company has exported its product during the year under review and earned foreign exchange of ₹ 50,724 lacs (previous year ₹ 54,512 lacs). The Company has imported certain Components, Spare Parts and Raw Materials. The details of these expenses are as below :

	(₹ in lacs)	
	31.03.2012	31.03.2011
1. Raw Materials (CIF Value)	19,700.73	23,416.67
2. Capital Goods and Consumables	1,747.73	96.29
3. Traded Goods	61,776.19	32,214.18
4. Travelling Expenses	15.41	13.01
5. Commission and Others	773.96	123.43
6. Consumables	202.01	36.73
7. Remittance towards Dividend	220.04	220.04
6. Earnings in Foreign Currency	39,705.99	42,963.97

For and on behalf of the Board

Place : Indore
Dated : 30.05.2012

Kailashchandra Shahra
(Chairman)

REPORT ON CORPORATE GOVERNANCE

(as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges)

1. Company's Philosophy on Corporate Governance

Corporate Governance is the mechanism by which the values, principles, policies and procedures of Companies are manifested. Effective Corporate Governance is indispensable to resilient and vibrant capital markets and investor protection rests on this foundation. The core value of Corporate Governance lies in the principles of integrity, fairness, quality, transparency and accountability.

National Steel and Agro Industries Limited (NSAIL) is committed to good Corporate Governance in order to enhance value of its all stakeholders. To achieve the objectives of good Corporate Governance, NSAIL follows the principles of transparency, disclosures, fairness, independent supervision, healthy competition, production of quality products and services, compliance with all relevant laws, rules and regulations and meeting social responsibility. It is believed that good Corporate Governance by NSAIL would protect and enhance the trust of shareholders, customers, suppliers, financiers, employees, government agencies and the society in NSAIL.

2. Board of Directors

The Board of the Company consists of majority of Non-Executive / Independent Directors. The Company has a Non-Executive Chairman. As at 31st March 2012, the Board comprises of 6 (Six) Directors. The number of Executive Directors is 2 (Two) and remaining 4 (Four) are Non-Executive Directors including 3 (Three) Independent Directors. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees (as specified in Clause 49), across all the Companies in which he is a Director.

The names and categories of the Directors on the Board, their attendance at Board Meeting held during the financial year 2011-12 and at the last Annual General Meeting (AGM), as also the number of Directorship and Committee positions held by them in other Public Limited Companies as on March 31, 2012 are given below :

Name of Director with status	Category*	No. of Board Meetings attended during 2011-12	Whether attended AGM held on 28.09.11	No. of Directorships in other Public Companies	No. of Committee positions held in other Public Companies**		No. of shares held in NSAIL as on 31.03.12
					as Chairman	as Member	
Mr. Kailashchandra Shahra (Chairman)	PD & NED	2	No	6	1	-	-
Mr. Santosh Shahra (Managing Director)	PD & ED	4	Yes	7	1	4	218400
Mr. P.Srikrishna (Whole-time Director)	ED	3	Yes	-	-	-	-
Mr. Ashok Sharma # (Executive Director)	ED	-	NA	1	-	-	-
Mr. Navin Khandelwal	NED & ID	4	Yes	4	2	-	-
Mr. Navneet Zalani @	NED & ID	2	No	1	-	1	200
Mr. Veer Kumar Jain	NED & ID	2	No	1	-	2	-
Mr. Rajesh Nema	NED & ID	1	Yes	1	-	-	-

* PD – Promoter Director; NED – Non-executive Director; ED – Executive Director; ID – Independent Director; Prof. D - Professional Director

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

@ Mr. Navneet Zalani was director of the Company upto 09.11.2011.

Mr. Ashok Sharma was director of the Company upto 19.04.2011.

The Board of Directors met four times during the Financial Year on following dates:

29.05.2011	20.07.2011	09.11.2011	06.02.2012
------------	------------	------------	------------

The gap between two meetings did not exceed four months. The Company placed before the Board most of the information specified under Annexure IA of the Listing Agreement from time to time. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any.

The Company has adopted the code of conduct for all Board members and Senior Management Personnel. The Company has received confirmation from them regarding compliance of the Code during the year under review. The Code is posted on the website of the Company.

3. Remuneration of Directors

During the Financial Year 2011-12 the Company did not have any pecuniary relationship or transaction with Non-Executive Directors. The Non-Executive Directors are only paid remuneration by way of Sitting Fees.

Details of remuneration paid / payable to Directors for the year ended March 31, 2012 are as follows:

Directors	Business relationship with NSAIL	Sitting Fees ₹	Salary and perquisites ₹	Total ₹
Mr. Kallashchandra Shakra	Chairman Promoter Director	10,000	Nil	10,000
Mr. Santosh Shakra	Managing Director Promoter Director	N.A.	1,54,37,433	1,54,37,433
Mr. P.Srikrishna	Whole-time Director	N.A.	40,58,787	40,58,787
Mr. Navin Khandelwal	None	36,000	Nil	36,000
Mr. Navneet Zalani*	None	22,000	Nil	22,000
Mr. Veer Kumar Jain	None	10,000	Nil	10,000
Mr. Rajesh Nema	None	14,000	Nil	14,000

* Mr. Navneet Zalani was director of the Company upto 09.11.2011.

Service Contracts, Severance Fees and Notice Period

Period of Contract of Managing Director and Whole-time Director is five years w.e.f. 01.07.2011 and the contract may be terminated by either party by giving six months' and three months' notice respectively. There is no separate provision for payment of severance fees.

4. Audit Committee

The constitution of the Audit Committee as at 31st March 2012 and the attendance of each member of the Committee during the Financial Year 2011-12 is given below:

During the Financial Year 2011-12, four meetings of the Audit Committee were held, one of which was for review of Annual Accounts. The meetings were held on 29.05.2011, 20.07.2011, 09.11.2011 and 06.02.2012. The necessary quorum was present at the meetings.

Name	Status	Category	Profession	No. of Committee Meetings attended
Mr. Navin Khandelwal	Chairman	Non-executive and Independent Director	Chartered Accountants	4
Mr. Rajesh Nema	Member	Non-executive and Independent Director	Businessman	1
Mr. Navneet Zalani	Member	Non-executive and Independent Director	Service	3
Mr. Santosh Shahra	Member	Executive Director	Industrialist	1

The Audit Committee was reconstituted by the Board of Directors in their meeting held on 09.11.2011 due to resignation of Mr. Navneet Zalani from directorship of the Company. The present members of the Audit Committee are as under :

Mr. Navin Khandelwal : Chairman
Mr. Santosh Shahra : Member
Mr. Rajesh Nema : Member

Shri Navin Khandelwal, an Independent Director, is the Chairman of the Audit Committee and possesses requisite accounting and financial knowledge. The Audit Committee also invites such of the executives, as it considers appropriate (particularly head of the finance function), representatives of the Statutory Auditors and the representatives of the Internal Auditors. The Company Secretary acts as the secretary of the Audit Committee. Minutes of the proceeding of the Committee meeting are placed before the board meetings for perusal and noting.

The terms of reference of the Audit Committee includes the matters specified in Clause 49(II)(D) of the Listing Agreement with the Stock Exchanges and also as required under Section 292A of the Companies Act, 1956. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company.

5. Shareholders' / Investors' Grievance Committee

The constitution of the Shareholders' / Investors' Grievance Committee as at 31st March 2012 and the attendance of each member of the Committee during the Financial Year 2011-12 is given below. During the Financial Year 2011-12, four meetings of the Shareholders' / Investors' Grievance Committee were held on 29.05.2011, 20.07.2011, 09.11.2011 and 06.02.2012.

Name	Status	Category	No. of Committee Meetings attended
Mr. Navin Khandelwal	Chairman	Non-executive and Independent Director	4
Mr. P. Srikrishna	Member	Executive and Non Independent Director	4
Mr. Navneet Zalani	Member	Non-executive and Independent Director	3
Mr. Rajesh Nema	Member	Non-executive and Independent Director	1

The said Committee looks into the redressal of shareholders' and investors' grievances related to share transfer, non receipt of Annual Report, non receipt of dividend etc. The minutes of said Committee Meetings are noted by the Board of Directors of the Company at the subsequent Board Meetings. The Company Secretary is the Compliance Officer and acts as the Secretary of the Shareholders'/ Investors' Grievance Committee.

The Shareholders' / Investors' Grievance Committee was reconstituted by the Board of Directors in their meeting held on 09.11.2011 due to resignation of Mr. Navneet Zalani from directorship of the Company. The present members of the Shareholders' / Investors' Grievance Committee are as under ;

Mr. Navin Khandelwal : Chairman
 Mr. P. Srikrishna : Member
 Mr. Rajesh Nema : Member

Total number of shareholders' complaints received during the Financial Year 2011-12 were 12 as per details given in table below and all were solved to the satisfaction of the shareholders.

Nature of Complaints	Complaints received from				Total No. of Complaints
	Shareholders	SEBI	Stock Exchange	D.P./ Depositories	
Non-receipt of Annual Report	5	-	2	-	7
Non-receipt of Share Certificates	2	-	-	-	2
Non-receipt of Dividend Warrants	2	-	-	-	2
Dematerialization & Rematerialization	-	-	-	1	1
Total					12

Total numbers of physical transfer of shares during the year 2011-12 were 20,952 as compared to 31,150 during the year 2010-11.

6. General Body Meetings

(i) The venue and time of General Meetings (AGM & EGM) held during the last three years were as follows:

Date	Time	Venue	Special Resolution(s) passed
30.09.2009 (23 rd AGM)	02.00 P.M.	Sunvile Deluxe Pavilion, Sunvile Building, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018	-
03.02.2010 (EGM)	11.00 A.M.	M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2 nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001	3
21.09.2010 (24 th AGM)	10.30 A.M.	---- do ----	-
28.09.2011 (25 th AGM)	12.00 Noon	---- do ----	2

The Special Resolution(s) were passed by show of hands.

(ii) Postal Ballot :

No Postal Ballot was conducted during the year 2011-12. At present there is no proposal for passing special resolution through postal ballot.

7. Note on Director Appointment / Re-appointment

Mr. Navin Khandelwal and Mr. Veer Kumar Jain, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

a) Mr. Navin Khandelwal, 39 years of age is a practicing chartered accountant since 1997 and a qualified Information System Auditor from The Institute of Chartered Accountants of India



(ICAI), New Delhi. He is also visiting faculty in MBA Institutes at Indore. He has an experience of 15 years in field of Management Assurance Services, System Development and ERP implementation. He has conducted several training and development programmes at different places in India for ICAI, ICICI Prudential Life Insurance, IMA etc. His few Articles were also published on Corporate Affairs besides publishing of book on Financial Management.

He is also on board of the following Companies:

S.No.	Company in which outside directorship held as on 31.03.2012	Chairman / Member of	
		Audit Committee	Shareholders'/ Investors' Grievance Committee
1.	Ruchi Soya Industries Ltd.	---	---
2.	Ruchi Strips and Alloys Ltd.	Chairman	---
3.	Indian Steel Corporation Ltd.	Chairman	---
4.	Indian Steel SEZ Ltd.	---	---

- b) Mr. Veer Kumar Jain, 54 years of age is a practicing Advocate at Indore since the year 1979. He is having 33 years of vast experience and is a leading practitioner in matters of Civil, Criminal, Revenue, Company & Taxation, Constitutional etc. He has been the Standing Counsel for Income Tax Department, Indore. He was also President of High Court Bar Association, Indore and was also nominated by SEBI as public Director of MP Stock Exchange Securities Ltd.

He is also on board of the following Companies:

S.No.	Company in which outside directorship held as on 31.03.2012	Chairman / Member of	
		Audit Committee	Shareholders'/ Investors' Grievance Committee
1.	Ruchi Strips and Alloys Limited	Member	Member

8. Disclosures

- No transaction of material nature has been entered into by the Company with Directors and their relatives etc. that may have a substantial conflict with the interest of the Company.
- Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years 2009-10, 2010-11 and 2011-12: Nil.
- The Company has complied with all mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges.
- The Company adopted the code of internal procedures and conduct framed under the SEBI (Prohibition of Insider Trading) Regulation, 1992, as amended which, inter alia, prohibited the trading in shares by an 'insider' when in possession of unpublished price sensitive information.

9. Reconciliation of Share Capital Audit

A qualified Practicing Company Secretary carried out Share Capital Audit to reconcile the total admitted Capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total Issued and listed equity share capital. The audit confirms that the total Issued/ Paid-up Capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

10. Means of Communication

Subject	Details
Half-yearly Report sent to each household of shareholders	Since Company's Unaudited Quarterly Results including Half Yearly results are submitted to the Stock Exchanges in accordance with the Listing Agreement, published in newspapers and displayed also on Company's website, the same were not sent to each household of shareholders.

Quarterly Results -

Which newspaper normally published in	Free Press Journal and Nava Shakti (Mumbai)
Any website, where displayed	www.nsail.com
Whether it also displays official news release and presentations made to institutional investors/analysts.	No such occasion arose during the year
Whether Management Discussion & Analysis is a part of Annual Report	Yes

11. General Shareholder Information**a) Annual General Meeting :**

Date and Time	: 27 th September, 2012 at 12.00 Noon
Venue	: M.C. Ghia Hall of Indian Textile Accessories & Machinery Manufacturers' Association, Bhogilal Hargovindas Building, 2 nd Floor, Kala Ghoda, 18/20, K. Dubash Marg, Mumbai - 400 001

b) Financial Calendar

Year ending	: March 31
AGM	: Between July - September

c) Date of Book Closure : 23.07.2012 to 25.07.2012.**d) Dividend Payment date** : The Board of Directors has not recommended any dividend on the Equity Shares for the year ended 31st March, 2012.**e) Listing of Equity Shares on Stock Exchanges and Stock Codes :**

<u>STOCK EXCHANGE</u>	<u>STOCK CODE</u>
National Stock Exchange of India Limited (NSE)	NATNLSTEEL
Bombay Stock Exchange Limited (BSE)	NATSTEEL (513179)

The Listing Fee for the financial year 2012-13 has been paid to NSE and BSE.

f) Market Price Data :

The High & Low price during each month in the last financial year of the Company's share is as under :

Month	NSE		BSE	
	High ₹	Low ₹	High ₹	Low ₹
April 2011	30.20	19.60	27.70	20.00
May 2011	27.00	18.60	26.65	18.80
June 2011	20.50	16.55	20.50	16.55
July 2011	19.90	17.50	19.80	17.60
August 2011	18.60	11.75	18.70	11.80
September 2011	18.00	14.55	18.05	14.80
October 2011	17.90	13.65	18.00	13.85
November 2011	17.15	13.20	17.00	13.40
December 2011	15.50	12.20	15.30	12.13
January 2012	18.00	11.85	16.48	12.60
February 2012	18.00	14.20	17.90	14.20
March 2012	17.00	12.25	16.15	12.00

g) Share Price Performance in comparison to broad based indices - BSE Sensex and NSE Nifty as on 31st March, 2012

	BSE (% Change)		NSE(% Change)	
	NSAIL	Sensex	NSAIL	Nifty
F.Y. 2011-12	-26.01%	-10.50%	-28.11%	-9.23%

h) Registrar and Transfer Agent :

Sarthak Global Limited, 170/10 R.N.T. Marg, (Film Colony), Indore -452 001 (M.P.)
Phone No. : 0731-2523545, 2526388, Fax No. : 0731-2526388
Email ID : investor_relations@nsail.com

i) Share Transfer System :

To expedite the process of share transfers, the Board of the company has delegated the power of share transfer to M/s Sarthak Global Ltd., Registrar and Share Transfer Agent of the company. The delegated authority attends to share transfer formalities fortnightly. Shares lodged in physical form with the Company/its Registrars & Share Transfer Agent are processed and generally returned within one month from the date of receipt so long as the documents have been clear in all respects. A Summary of Share transfers/transmissions are placed at the Transfer Committee Meeting for its approval and the same is intimated to the Board Periodically. In respect of shares held in dematerialized mode, the transfer takes place instantaneously between the transferor and transferee at the depository participant(s) through which electronic debit/credit of the accounts are involved.

j) Distribution of shareholding as on 31st March, 2012

Slab of Shareholding	Shareholders	%	₹ in lacs	%
1 - 250	19,051	64.76	235.92	5.30
251 - 500	6,010	20.43	233.03	5.24
501 - 1,000	2,540	80.63	207.22	4.65
1,001 - 2,000	910	3.09	141.46	3.18
2,001 - 3,000	291	0.99	76.23	1.71
3,001 - 4,000	109	0.37	39.03	0.88
4,001 - 5,000	107	0.36	50.71	1.14
5,001 - 10,000	194	0.66	140.94	3.17
10,001 and above	206	0.70	3,325.46	74.73
Total	29,511	100.00	4,450.00	100.00

Categories of Shareholders as on 31st March, 2012

	Category	No. of Shares held	% of Shareholding
A.	Promoter's holding		
1	Promoters	1,96,76,216	44.22
	Sub Total (1)	1,96,76,216	44.22
B.	Non Promoter's holding		
2	Institutional Investors		
a.	Mutual Funds and UTI	62,200	0.14
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. / Non-Govt. Institutions)	6,44,498	1.45
	Sub Total (2)	7,06,698	1.59
3	Others		
a.	Private Corporate Bodies	94,74,119	21.28
b.	Indian Public	1,40,88,372	31.66
c.	NRIs/ Non Resident Incorporated Entities	4,98,056	1.12
d.	Clearing Members	56,539	0.13
	Sub Total (3)	2,41,17,086	54.19
	Grand Total (1+2+3)	4,45,00,000	100.00

k) Dematerialisation of shares and Liquidity :

2,37,16,714 Equity Shares of the Company representing 53.30% of the Company's Share Capital are dematerialised as on 31st March, 2012 as compared to 1,83,27,089 Equity Shares (41.18% of total number of shares) as on 31st March, 2011 with NSDL and CDSL (ISIN Code : INE 088B01015).

The Company's equity shares are regularly traded on the National Stock Exchange of India Ltd. and BSE Limited, in dematerialized form.

l) Outstanding GDRs/ADRs/Warrant or any convertible instruments conversion date and likely impact on equity : Nil

m) Plant Location : Village Sejwaya, Tehsil Dhar, District Dhar (Madhya Pradesh)

n) Address for Correspondence :**(i) Investor Correspondence****For Shares held in Physical Form**

Sarthak Global Limited

Unit : National Steel and Agro Industries Limited

170/10 R.N.T. Marg, (Film Colony), Indore - 452 001 (M.P.)

Phone No. : 0731-2523545, 2526388

Fax No. : 0731-2526388

For Shares held in Demat Form

Investors' concerned Depository Participant (DP) and/or Sarthak Global Limited.

Investors may lodge complaint at Email ID : investor_relations@nsail.com

(ii) Administrative Office

National Steel and Agro Industries Limited
401, Mahakosh House, 7/5 South Tukoganj,
Nath Mandir Road, INDORE – 452 001 (M.P.)
Phone No. : 0731-2518167-9, 2528133
Fax No. : 0731-2516714
Email ID : nsail_indore@nsail.com

12. Certification as per Clause 49 (V) of Listing Agreement

The Board of Directors of the Company has received Certificates as envisaged under clause 49(V) of the Listing Agreement.

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND
SENIOR MANAGEMENT PERSONNEL WITH THE CODE OF CONDUCT**

This is to confirm that the Company has adopted NSAIL Code of Conduct for its Directors and Senior Management Personnel. The Codes are posted on the Company's website.

I confirm that the Company has in respect of the Financial Year ended 31st March 2012, received from the members of the Board and Senior Management Personnel a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Personnel means those who are of the rank of General Manager and above including all functional heads.

Place : Indore
Date : 30.05.2012

Santosh Shahra
(Managing Director)

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE
UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT(S)**

To

The Members of **National Steel and Agro Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by **National Steel and Agro Industries Limited**, for the year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

Further, we state that no investors' grievances were pending for a period exceeding one month against the Company as per the records maintained by the Investors' Grievance Committee.

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

For **Manoj Khatri & Company**
Chartered Accountants
FRN-011546C

Place : Indore
Dated : 30.05.2012

CA Ashish Jain
(Partner)
Membership No. 403161

AUDITORS' REPORT TO THE MEMBERS

1. We have audited the attached Balance Sheet of **NATIONAL STEEL AND AGRO INDUSTRIES LIMITED** as at March 31, 2012 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date both annexed thereto. These Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these Financial Statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall Financial Statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet, 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;
 - v) on the basis of written representations received from the Directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 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
 - vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the **Balance Sheet**, of the state of affairs of the Company as at March 31, 2012;
 - (b) in the case of the **Profit and Loss Account**, of the profit for the year ended on that date; and;
 - (c) in the case of the **Cash Flow Statement**, of the cash flows for the year ended on that date.

For **Manoj Khatri & Company**
Chartered Accountants
FRN-011546C

Place : Indore
Dated : 30.05.2012

CA Ashish Jain
(Partner)
Membership No. 403161

ANNEXURE TO THE AUDITORS' REPORT

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

- 3.1 (a) In respect of fixed assets, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management, in accordance with the programme of verification adopted by the Company. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its Assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (c) During the year, in our opinion, no substantial part of fixed assets has been disposed off by the Company.
- 3.2 (a) As explained to us, the inventory of the Company has been physically verified during the year by the management. In respect of materials lying with third parties these have been confirmed by them. In our opinion the frequency of the verification is reasonable.
- (b) According to the information and explanations given to us, in our opinion, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation of the size of the Company and the nature of its business.
- (c) In our opinion and information and explanations given to us, the Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company.
- 3.3 (a) The Company has not taken any loans, secured or unsecured, from the Companies, Firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. The Company has not granted any loans, secured or unsecured, to Companies, Firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (b) Other provisions of the clause are not applicable, hence not commented upon.
- 3.4 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 the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in Internal Controls.
- 3.5 (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered, if any, in the Register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of contracts or arrangements entered, if any, in the Register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupee Five Lacs in respect of any party during the year have been made at prices which are *prima facie* reasonable, having regard to prevailing market prices at the relevant time where such market prices are available.
- 3.6 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 apply.
- 3.7 The Company has an Internal Audit System which in our opinion is adequate and commensurate with the size of the Company and nature of its business.
- 3.8 We have broadly reviewed the books of account and records in respect of manufacturing of Cold Rolled, GP/GC, Coated Coils/Sheets maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of Cost Records under Section 209(1)(d) of the Companies Act 1956.

We are of the opinion that *prima facie* the prescribed accounts and records have been maintained. However, we have not made a detailed examination of such accounts and records with a view to determine whether they are accurate or complete.

- 3.9 (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, disputed dues in respect of UP Entry Tax aggregating to ₹ 143.43 lacs pending before The Joint Commissioner (Appeals) Commercial Tax, Gaziabad & Appeal at Supreme Court pertaining to period 2009-10 & 2010-11. Further in NSAIL, Indore the Entry Tax Appeal pending before M.P. Commercial Tax Appellate Board, Bhopal for ₹ 50.47 lacs for the year 2004-05 & under MPCT Act the appeal is pending for ₹ 23.88 lacs for 2004-05 & 2005-06 respectively.
- 3.10 The Company does not have accumulated losses. The Company has not incurred cash losses during the Financial Year covered by our audit and in the immediately preceding Financial Year.
- 3.11 In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to Financial Institutions and Banks during the year.
- 3.12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of Shares, Debentures and other Securities.
- 3.13 In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Fund / Society. Therefore, the provisions of Clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 3.14 In our opinion, the Company is not dealing in or trading in Shares, Securities, Debentures and other Investments. Accordingly, the provisions of Clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 3.15 In our opinion, the Company has not given any guarantee for the loans taken by the others from Banks or Financial Institutions during the years, the terms and conditions whereof are prejudicial to the interest of the Company.
- 3.16 In our opinion the Term Loans taken by the Company have been applied for the purposes for which the Loans were obtained.
- 3.17 On the basis of an overall examination of the Balance Sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis which have been used for long term investment.
- 3.18 The Company has not issued any Debentures, hence the provisions of Clause 4(xix) are not applicable to the Company.
- 3.19 During the Financial Year, the Company has not raised any money by public issues.
- 3.20 To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Manoj Khatri & Company**
Chartered Accountants
FRN-011546C

Place : Indore
Dated : 30.05.2012

CA Ashish Jain
(Partner)
Membership No. 403161

BALANCE SHEET AS AT 31st MARCH, 2012

	Note No.	As At 31.03.2012 (₹ in lacs)	As At 31.03.2011 (₹ in lacs)
EQUITY AND LIABILITIES			
SHARE HOLDERS' FUNDS			
Share Capital	01	9,951.02	9,951.02
Reserves & Surplus	02	<u>17,947.42</u>	<u>15,329.93</u>
		27,898.44	25,280.95
NON-CURRENT LIABILITIES			
Long-term borrowings	03	8,318.91	8,816.12
Deferred Tax Liability (Net)	04	3,177.90	3,336.88
Other Long term Liabilities	05	<u>1,654.26</u>	<u>580.42</u>
		13,151.07	12,733.42
CURRENT LIABILITIES			
Short-term borrowings	06	17,952.81	21,019.72
Trade Payables	07	56,449.52	46,659.43
Other Current Liabilities	08	5,478.28	5,698.03
Short-term Provisions	09	<u>610.80</u>	<u>593.55</u>
		80,491.41	73,970.73
	TOTAL	<u>1,21,540.92</u>	<u>1,11,985.10</u>
ASSETS			
NON-CURRENT ASSETS			
Fixed Assets			
Tangible Assets	10	17,899.53	18,884.37
Intangible Assets	10	30.66	11.39
Capital Work in Progress		<u>4,800.21</u>	<u>1,221.45</u>
		22,730.40	20,117.21
Non-Current Investments	11	279.40	279.40
Other Non-Current Assets	12	<u>124.64</u>	<u>55.51</u>
		404.04	334.91
CURRENT ASSETS			
Inventories	13	51,286.19	47,899.92
Trade receivables	14	33,748.03	31,376.39
Cash and cash equivalents	15	5,923.89	6,001.21
Short-term loans and advances	16	7,030.26	5,973.15
Other Current Assets	17	<u>418.11</u>	<u>282.31</u>
		98,406.48	91,532.98
	TOTAL	<u>1,21,540.92</u>	<u>1,11,985.10</u>
The notes form an integral part of these Financial Statements			

As per our report of even date attached

For **Manoj Khatri & Company**
Chartered Accountants
FRN-011546C

CA Ashish Jain
(Partner)
Membership No. 403161

Place : Indore
Dated : 30.05.2012

For and on behalf of the Board

Kailashchandra Shahra
(Chairman)

Paridhi Kasliwal
(Company Secretary)

Santosh Shahra
(Managing Director)

Place : Indore
Dated : 30.05.2012



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

	Note No.	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
INCOME			
Revenue from Operations	18	2,78,490.03	2,54,024.03
Other Income	19	24.01	737.90
Total Revenue		2,78,514.04	2,54,761.93
EXPENDITURE			
Cost of Materials consumed	20	1,39,198.03	1,28,917.08
Purchases of Stock-in-Trade	21	1,01,148.49	1,01,117.30
(Increase)/Decrease in Finished Goods, Work in Process and Stock-in-Trade	22	2,151.10	(6,177.20)
Employee Benefit Expenses	23	2,980.03	2,764.69
Finance Costs	24	9,952.89	7,768.78
Depreciation and Amortisation Expenses	10	1,753.61	1,782.63
Other Expenses	25	17,924.08	14,651.43
Total Expenses		2,75,108.23	2,50,824.71
Profit before Tax		3,405.81	3,937.22
Tax Expense			
Current Tax		885.00	800.00
Less : MAT Credit Entitlement		(198.90)	---
Income Tax for earlier years		5.46	29.71
Deferred Tax (Assets)/Liabilities		(158.98)	(116.53)
Profit after Tax		2,873.23	3,224.04
Earning per Equity Share of Face Value ₹ 10/- each			
Basic and Diluted (In ₹)		5.88	9.06
Weighted average number of Shares outstanding (In lacs)		445.00	327.33

**The notes form an integral part of
these Financial Statements**

As per our report of even date attached

For **Manoj Khatri & Company**
Chartered Accountants
FRN-011546C

CA Ashish Jain
(Partner)
Membership No. 403161

Place : Indore
Dated : 30.05.2012

Paridhi Kasliwal
(Company Secretary)

For and on behalf of the Board

Kailashchandra Shahra
(Chairman)

Santosh Shahra
(Managing Director)

Place : Indore
Dated : 30.05.2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012**(₹ in lacs)**

	Year ended 31.03.12		Year ended 31.03.11	
A. Cash Flow from Operating Activities :				
a) Net Profit/Loss before Tax & Extraordinary Items	3406		3938	
Adjustment for :				
Depreciation	1754		1783	
Interest Expenses	10656		8393	
Interest & Dividend Income	(707)		(627)	
Loss on Sale of Fixed Assets	0		1	
		15109		13488
b) Operating Profit before Working Capital Changes				
Adjustment for :				
Trade and other Receivables	(3503)		(7166)	
Inventories	(3386)		(6413)	
Increase in Trade Payable and Other Payable	9528	2639	7456	(6123)
c) Cash Generated from Operations		17748		7365
Income Tax Paid (Net)	(687)	(687)	(1)	(1)
d) Cash Flow before Extraordinary Items		17061		7364
Extraordinary Items		Nil		Nil
Net Cash from Operating Activities (A)		17061		7364
B. Cash Flow from Investing Activities :				
Interest/Dividend received	576		543	
Purchase of Fixed Assets including Capital Work-in-Progress	(4369)		(2377)	
Sale of Fixed Assets	2		6	
Net Cash from Investing Activities (B)		(3791)		(1828)
C. Cash Flow from Financing Activities :				
Proceeds from Issue of Share Capital	0		2110	
Proceeds from Long Term Borrowings	2246		598	
Repayment of Long Term Borrowings	(2648)		(226)	
Net proceeds from Other Borrowings	(3067)		3252	
Liability for Capital Goods	1074		(327)	
Provision for Dividend	(256)		(257)	
Interest Paid	(10696)		(8444)	
Net Cash from Financing Activities (C)		(13347)		(3294)
D. Net increase/ (decrease) in Cash and Cash equivalent (A+B+C)		(77)		2242
Cash and Cash equivalent at the beginning of the year	(6001)		(3759)	
Cash and Cash equivalent at the end of the year	5924	(77)	6001	2242

As per our report of even date attached

For **Manoj Khatri & Company**

Chartered Accountants

FRN-011546C

CA Ashish Jain

(Partner)

Membership No. 403161

Place : Indore

Dated : 30.05.2012

Paridhi Kasliwal

(Company Secretary)

For and on behalf of the Board

Kailashchandra Shahra

(Chairman)

Santosh Shahra

(Managing Director)

Place : Indore

Dated : 30.05.2012

SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting :

The Financial Statements are prepared on the basis of a going concern in accordance with the relevant presentation requirements of the Companies Act, 1956 under the historical cost convention and on accrual basis.

B. Use of Estimates :

The preparation of the financial statements is in accordance with generally Accepted Accounting Principals. It requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from these estimates and a revision to such Accounting Estimates is recognized in the accounting period in which such a revision takes place.

C. Revenue Recognition :

- a) Sales are inclusive of income from services, excise duty, self consumption, export incentives and net of trade discount.
- b) Revenue on Construction Contracts are recognized under percentage of Completion Method. The state of completion is determined on the basis of completion of physical proportion of the contract work upto the date of reporting as certified by qualified valuer.

D. Fixed Assets :

Fixed Assets are stated at cost less depreciation. Rollover Charges on Foreign Exchange Contracts of foreign currency liabilities for acquisition of fixed assets are added/deducted to the cost of the assets.

E. Impairment of Assets :

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of recoverable amount.

F. Capital Work-in-Progress :

Capital Works-in-Progress includes Building under Construction, Machinery in Stock/under installation/ in transit, construction/erection materials, advances for construction, erection and Machinery and preoperative expenses pending for allocation. No depreciation has been charged on assets which are under construction.

G. Central Value Added Tax (CENVAT) :

CENVAT claimed on Capital Goods is reduced from the cost of Plant and Machinery. CENVAT claimed on purchases of Raw materials and other materials is reduced from the cost of such materials.

H. Depreciation :

Depreciation on Fixed Assets is provided under the Straight Line Method at the rates provided by Schedule XIV of the Companies Act, 1956. Continuous Process Plants as defined in said Schedule



have been taken on technical assessment and depreciation is provided accordingly. Depreciation on additions during the year is being calculated on pro-rata basis from the next following month, in which such additions were made or upto the month preceding the month of such deletion, as the case may be.

I. Interest on Borrowings :

Borrowing cost is charged to the Profit & Loss Account for the year in which it is incurred except for capital assets which is capitalized till the date of commercial use of the asset.

J. Lease Rent :

The payment of lease rent for Operating Lease are recognized as an expenditure in the Profit & Loss Account.

K. Inventories :

Stock of Raw Materials, Stores & Spares, Fuel & Packing Materials are valued at cost or Net realizable value whichever is lower. Traded Goods and Finished Goods are valued at lower of Cost or net realizable value. Stock of Scrap is valued at net realizable value. The cost of material is arrived on First in First Out basis.

L. Foreign Currency Transactions :

Foreign exchange transactions are recorded at the rates of exchange on the date of the respective transaction. Assets and Liabilities designated in Foreign Currency are converted into Rupees at the rates of exchange prevailing as on the Balance Sheet date or at the rate contracted and corresponding adjustment made to the relevant Income, Expenditure and Assets.

M. Investments :

Investments are valued at cost and since the investments are of long term nature no provision has been made towards diminution in the market value of such investments.

N. Taxation :

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax assets and liabilities are recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements.

O. Retirement benefits :

- a) Contribution to Provident Fund and Family Pension Fund are accrued in accordance with applicable statute and deposited with appropriate authorities.
- b) Leave Encashment is determined using actuarial valuation carried out as at Balance Sheet date. Actuarial gains and losses are recognized in full in Profit and Loss Account for the year in which they occur.
- c) The Company's liability towards gratuity is determined on the basis of year end actuarial valuation done by an independent actuary. The actuarial gains or losses determined by the actuary are recognized in the Profit and Loss Account as income or expenses.

Segment Accounting :

P. The Company has disclosed Business Segment as the Primary Segment. Segments have been identified taking into account the type of products, the differing risk and returns and the Internal Reporting System. The various Segments identified by the Company comprised as under :

- i) Manufacturing (G.P. / G.C. / C.C.L. Coils / Sheets / Lead Ingots / Aluminium Ingots)
- ii) Trading / Transmission Line

Q. Segment Accounting Policies :-

Following Accounting Policies have been followed by the Company for the Segment Reporting :

- a) Segment Revenue includes Sales and Other Income directly identifiable with/allocable to Segment.
- b) Expenses that are directly identifiable with/allocable to Segments are considered for determining the Segment Results. The expenses, which relate to the Company as a whole and not allocable to Segment are included under unallocable expenses.
- c) Income which relates to the Company as a whole and not allocable to Segment is included under unallocable income.
- d) i) Segment Assets includes those assets directly identifiable with respective Segments and employed by a Segment in its operating activities, but does not includes Income Tax Assets.
ii) Segment Liabilities includes those liabilities directly identifiable with respective Segments and Operating Liabilities that results from operating activities of a Segment, but does not include Income Tax Liabilities and Financial Liabilities.
iii) Unallocable Corporate Assets and Liabilities represents the assets and liabilities that relate to the Company as a whole and not allocable to any Segment.

R. Contingent Liabilities :

Contingent Liabilities as defined in Accounting Standard 29 on "Provisions, Contingent Liabilities and Contingent Assets" are disclosed by way of notes to the accounts.

S. Inter unit Transfer :

- a) Inter unit transfers of goods for internal use as captive consumption are not shown in the Profit & Loss Account.
- b) Any Unrealized profit on unsold stocks is ignored while valuing inventories.

T. Cash Flow Statement :

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

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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2012

	As At 31.03.2012 (₹ in lacs)	As At 31.03.2011 (₹ in lacs)
1. SHARE CAPITAL		
Authorized :		
4,45,00,000 Equity Shares of ₹ 10 each with voting rights (Previous Year 4,45,00,000 Equity Shares of ₹ 10 each)	4,450.00	4,450.00
55,50,000 4% Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 55,50,000 4% Redeemable Cumulative Preference Shares of ₹ 100 each)	5,550.00	5,550.00
	<u>10,000.00</u>	<u>10,000.00</u>
Issued, Subscribed and fully Paid up :		
4,45,00,000 Equity Shares of ₹ 10 each (Previous Year 4,45,00,000 Equity Shares of ₹ 10 each)	4,450.00	4,450.00
55,01,022 4% Redeemable Cumulative Preference Shares of ₹ 100 each (Previous Year 55,01,022 4% Redeemable Cumulative Preference Shares of ₹ 100 each)	5,501.02	5,501.02
TOTAL	<u>9,951.02</u>	<u>9,951.02</u>

1.(a) The details of Shareholders holding more than 5% Shares :

Class of Shares / Name of Shareholder	As at 31.03.2012		As at 31.03.2011	
	No. of Shares	% held	No. of Shares	% held
Equity Shares				
APL International Private Limited	29,57,700	6.65	29,57,700	6.65
4% Redeemable Preference Shares				
Trade Overseas Limited	21,66,283	39.38	21,66,283	39.38
Arab Asia Trading Inc.	28,59,739	51.99	28,59,739	51.99

1.(b) Rights, preferences and restrictions attached to shares :

The Company has issued Equity shares with Voting rights only of Face value of ₹ 10 each and each share carries right to one vote. The Company issued 4% Cumulative Redeemable Preference shares of Face value of ₹ 100 each. These shares are redeemable within the statutory permissible time period as per the terms of the issue. Such shares carries prior right to receive dividend over equity share holders.



	As At 31.03.2012 (₹ in lacs)	As At 31.03.2011 (₹ in lacs)
2. RESERVES & SURPLUS		
Capital Reserve		
As per last Balance Sheet	32.67	32.67
	<u>32.67</u>	<u>32.67</u>
Securities Premium Reserve		
As per last Balance Sheet	5,957.34	4,333.99
Add : Premium on Issue of Equity Share	---	1,623.95
	<u>5,957.34</u>	<u>5,957.34</u>
General Reserve		
As per last Balance Sheet	1,227.02	1,227.02
	<u>1,227.02</u>	<u>1,227.02</u>
Profit & Loss Account		
As per last Balance Sheet	8,112.90	5,146.30
Add : Net Profit/(Net Loss) for the Current Year	2,873.23	3,224.04
Less : Proposed Dividend on Preference Shares	220.04	220.04
Less : Tax on Dividend	35.70	37.40
	<u>10,730.39</u>	<u>8,112.90</u>
TOTAL	<u>17,947.42</u>	<u>15,329.93</u>
3. LONG-TERM BORROWINGS		
Secured		
Term Loans from Banks	11,061.28	11,463.66
Less : Installment due within one year (Refer Note 8)	2,742.37	2,647.54
TOTAL	<u>8,318.91</u>	<u>8,816.12</u>

(i) Installments falling due in respect of all the above loans upto 31.03.2013 have been grouped under "Current Maturities of Long Term Debt" (Refer Note 8).

(ii) Nature of Security and terms of repayment for long term secured borrowing :-

(a) Nature of Security : Term loans from Financial Institutions are secured by way of first mortgage of all immovable properties and hypothecation of all the Company's movables (save and except book debts and stock) including movable machinery, spares and tools both present and future ranking pari-passu inter-se subject to prior charge created/to be created in favour of the banks on specified movable assets for securing borrowing for working capital requirements and personal guarantee of the Managing Director.

(b) Terms of Repayments :



Outstanding Loan Amount	Terms of Repayment
(i) IDBI BANK LTD. Term loan amounting to ₹ 2227.41 lacs (Mar 31, 2011 : ₹ 475 lacs)	Repayable in 20 Quarterly Installments commencing from April 01, 2014.
(ii) IDBI BANK LTD. Term loan amounting to ₹ 674 lacs (Mar 31, 2011 : ₹ 843 lacs)	Repayable in 20 Quarterly Installments commenced from June 30, 2011.
(iii) IDBI BANK LTD. Term loan amounting to ₹ 727 lacs (Mar 31, 2011 : ₹ 500 lacs)	Repayable in 20 Quarterly Installments commenced from May 31, 2011.
(iv) LIFE INSURANCE CORPORATION OF INDIA Term loan amounting to ₹ 250 lacs (Mar 31, 2011 : ₹ 312.5 lacs)	Repayable in 20 Quarterly Installments commenced from June 30, 2011.
(v) STATE BANK OF INDIA Term loan amounting to ₹ 2279.14 lacs (Mar 31, 2011 : ₹ 3034.4 lacs)	Repayable in 12 Quarterly Installments commenced from June 30, 2011.
(vi) STATE BANK OF INDIA Term loan amounting to ₹ 642.60 lacs (Mar 31, 2011 : ₹ 801.64 lacs)	Repayable in 19 Quarterly Installments commenced from June 30, 2011.
(vii) STATE BANK OF HYDERABAD Term loan amounting to ₹ 1116.46 lacs (Mar 31, 2011 : ₹ 1392.88 lacs)	Repayable in 20 Quarterly Installments commenced from May 31, 2011.
(viii) ICICI BANK LTD. Term loan amounting to ₹ 836.38 lacs (Mar 31, 2011 : ₹ 1138.15 lacs)	Repayable in 15 Quarterly Installments commenced from June 30, 2011.
(ix) STATE BANK OF BIKANER AND JAIPUR Term loan amounting to ₹ 309.41 lacs (Mar 31, 2011 : ₹ 386.30 lacs)	Repayable in 20 Quarterly Installments commenced from June 30, 2011.
(x) EXPORT-IMPORT BANK OF INDIA Term loan amounting to ₹ 1219.05 lacs (Mar 31, 2011 : ₹ 1523.81 lacs)	Repayable in 20 Quarterly Installments commenced from May 28, 2011.
(xi) EXPORT-IMPORT BANK OF INDIA Term loan amounting to ₹ 276 lacs (Mar 31, 2011 : ₹ 345 lacs)	Repayable in 10 Half Yearly Installments commenced from Sept. 30, 2011.
(xii) EXPORT-IMPORT BANK OF INDIA Term loan amounting to ₹ 348.30 lacs (Mar 31, 2011 : ₹ 435.38 lacs)	Repayable in 10 Half Yearly Installments commenced from Sept. 30, 2011.
(xiii) HDFC LTD. Term loan amounting to ₹ 155.53 lacs (Mar 31, 2011 : ₹ 200 lacs)	Repayable in 4 Yearly Installments commenced from Oct. 01, 2011.
(xiv) UNITED BANK OF INDIA Term loan amounting to ₹ Nil (Mar 31, 2011 : ₹ 75.60 lacs)	Paid in the month of April, 2011.



(₹ in lacs)

	As At 31.03.2012	As At 31.03.2011
4. DEFERRED TAX LIABILITY (NET)		
Deferred Tax Liabilities for earlier years	3,336.88	3,453.41
Add/(Less) : Deferred Tax Assets for Current Year	(158.98)	(116.53)
TOTAL	3,177.90	3,336.88
5. OTHER LONG TERM LIABILITIES		
Sundry Creditors for Capital Goods	1,654.26	580.42
TOTAL	1,654.26	580.42
6. SHORT TERM BORROWINGS		
Working Capital Loans from Banks		
Secured*	11,207.81	14,561.66
Unsecured	6,745.00	6,458.06
TOTAL	17,952.81	21,019.72
* Loans from Bank for Working Capital are secured by hypothecation of Company's entire stocks of raw materials, stock in process, finished goods, stores & spares, stock in transit, other current assets and second charge over entire fixed assets of the Company ranking pari-passu inter-se and personal guarantee of the Managing Director.		
7. TRADE PAYABLES		
Micro & Small Industries	26.15	26.41
Creditors for Supplies/Services	56,423.37	46,633.02
TOTAL	56,449.52	46,659.43

Sundry Creditors includes ₹ 47,957 lacs towards acceptances (Previous Year ₹38,460 lacs) and ₹ 26.15 lacs (Previous Year ₹ 26.41 lacs) due to Micro, Small and Medium Enterprises Undertakings.

As per the information available with the Company relating to the registration status of the suppliers under the Micro, Small and Medium Enterprises Development Act 2006, the information required under the said act disclosed as under :

(₹ in lacs)

Description	Current Year	Previous Year
The Principal Amount due outstanding as at 31 st , March	26.15	26.41
Interest due on above and unpaid as at 31 st , March	0.1	0.05
Interest accrued and remaining unpaid as at 31 st , March	1.46	0.52
The Amount of further interest remaining due and payable in succeeding year	3.45	1.89



		(₹ in lacs)	
		As At 31.03.2012	As At 31.03.2011
8. OTHER CURRENT LIABILITIES			
Current Maturities of Long-Term-Debt (Refer Note 3)		2,742.37	2,647.54
Interest accrued but not due on borrowings		11.48	51.57
Advances from Customers		1,643.26	1,876.79
Other Payable (include Statutory Dues & Provision for Expenses)		1,081.17	1,122.13
	TOTAL	5,478.28	5,698.03
9. SHORT TERM PROVISIONS			
Provision for Employee Benefits			
Provision for Bonus		16.22	16.01
Provision for Compensated Absences		110.20	106.07
Provision for other Employee Benefits		70.77	60.64
		197.19	182.72
Provision for Tax :			
Provision for Tax		688.02	820.07
Less : Advance Tax		530.75	667.28
		157.27	152.79
Provision for Proposed Preference Dividend		220.04	220.04
Provision for Tax on Proposed Dividends		35.70	37.40
Provision for Wealth Tax		00.60	00.60
		256.34	258.04
	TOTAL	610.80	593.55

		GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
S. No.	Name of Assets	As at 01.04.2011	Additions during the year	Deductions during the year	As at 31.03.2012	Up to 31.03.2011	For the Year	Disposals	Up to 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets											
1	Free Hold Land & Lease Land	1,932.85	38.45	0	1,971.30	0	7.20	0	7.20	1,964.10	1,932.85
2	Buildings	4,717.92	10.23	0	4,728.15	1,349.58	145.90	0	1,495.48	3,232.67	3,368.33
3	Plant & Machinery	31,826.72	672.00	0	32,498.72	18,740.46	1,513.77	0	20,254.23	12,244.49	13,086.26
4	Furniture & Fixtures	352.14	00.96	0	353.10	176.78	17.69	0	194.47	158.62	175.35
5	Office Equipments	148.72	4.64	0	153.36	55.61	6.72	0	62.33	91.03	93.11
6	Computers	346.10	6.74	0	352.85	232.91	33.93	0	266.84	86.01	113.19
7	Vehicles	220.21	26.46	26.91	219.76	104.94	16.57	24.36	97.15	122.61	115.28
	Current Year Total	39,544.66	759.48	26.91	40,277.23	20,660.28	1,741.78	24.36	22,377.70	17,899.53	18,884.37
	Previous Year Total	37,634.19	1,919.46	9.00	39,544.65	18,889.49	1,773.65	2.86	20,660.28	18,884.37	18,744.70
Intangible Assets											
	Computer Software	58.37	31.10	0	89.47	46.98	11.83	0	58.81	30.66	11.39
	Current Year Total	58.37	31.10	0	89.47	46.98	11.83	0	58.81	30.66	11.39
	Previous Year Total	58.37	0	0	58.37	38.01	8.98	0	46.98	11.39	20.37
	Grant Current Year Total	39,603.03	790.58	26.91	40,366.70	20,707.26	1,753.61	24.36	22,436.51	17,930.19	18,895.76
	Grant Previous Year Total	37,692.56	1,919.46	9.00	39,603.02	18,927.49	1,782.63	2.86	20,707.26	18,895.76	18,765.07



(₹ in lacs)

	As At 31.03.2012	As At 31.03.2011
11. NON-CURRENT INVESTMENTS		
Non Trade Investment		
Investment in Equity Instruments		
QUOTED		
a. 2,07,500 Equity Shares of Ruchi Soya Industries Ltd. (Market Value ₹ 1,89,34,375/-)	24.90	24.90
b. 1,00,000 Equity Shares of Anik Industries Ltd. (Market Value ₹ 27,75,000/-)	25.00	25.00
c. 31,360 Equity Shares of IDBI Bank Ltd. (Market Value ₹ 32,83,392/-)	25.48	25.48
d. 5850 Equity Share of State Bank of Travancore (Market Value ₹ 34,17,277/-)	3.51	3.51
	<u>78.89</u>	<u>78.89</u>
UNQUOTED		
(i) In Associates		
a. 320 Equity Shares of ₹ 10/- each of NSIL Exports Ltd.	0.01	0.01
b. 10 Equity Shares of ₹ 10/- each of NSIL Power Ltd.	0.00	0.00
c. 10 Equity Shares of ₹ 10/- each of NSIL Infotech Ltd.	0.00	0.00
d. 13,33,332 Equity Shares of ₹ 10/- each of Shreeyam Power and Steel Industries Limited (Formerly Ruchi Power and Steel Industries Limited)	200.00	200.00
(ii) In Other Entities		
a. 5000 Equity Shares of ₹ 10/- each of M.P. Industrial Parks Ltd.	0.50	0.50
	<u>200.51</u>	<u>200.51</u>
TOTAL	<u>279.40</u>	<u>279.40</u>
12. OTHER NON-CURRENT ASSETS		
Unsecured, considered good Security Deposits	124.64	55.51
TOTAL	<u>124.64</u>	<u>55.51</u>
13. INVENTORIES		
(As valued and certified by the Management)		
Stock in Trade (At lower of Cost or net realisable value except realisable by products which are valued at net realisable value)		
(i) Raw Materials	6,719.08	12,368.84
(ii) Raw Materials (Goods in Transit)	11,305.54	0.00
(iii) Finished Goods (other than those acquired for trading)	18,208.71	19,987.50
(iv) Stock-in-Trade (acquired for Trading)	14,083.09	14,414.25
(v) Stores and Spares and Consumables	783.04	901.45
(vi) Scrap	186.73	227.88
TOTAL	<u>51,286.19</u>	<u>47,899.92</u>



(₹ in lacs)

	As At 31.03.2012	As At 31.03.2011
14. TRADE RECEIVABLES		
Unsecured		
Outstanding for a period exceeding six months from the date they were due for payment		
- Considered Good	592.31	552.11
- Considered Doubtful	84.57	62.41
	<u>676.88</u>	614.52
Less: Provision for doubtful debts	84.57	62.41
	<u>592.31</u>	552.11
Other Debts - Considered Good	33,155.72	30,824.28
TOTAL	<u>33,748.03</u>	<u>31,376.39</u>
15. CASH AND CASH EQUIVALENTS		
Cash in hand	24.15	14.14
Balances with Banks	1,558.85	2,798.11
Balances held as Margin Money with Banks	4,340.89	3,188.96
TOTAL	<u>5,923.89</u>	<u>6,001.21</u>
16. SHORT TERM LOANS AND ADVANCES		
(Unsecured, considered good)		
Loans and Advances to Employee	86.80	70.88
Advance to Suppliers	3,965.94	2,722.39
Prepaid Expenses	18.10	83.22
Deposits	243.55	217.83
Balances with Govt. Authorities & Others	2,715.87	2,878.83
TOTAL	<u>7,030.26</u>	<u>5,973.15</u>
17. OTHER CURRENT ASSETS		
Interest Receivables	248.09	117.18
Other Receivables	170.02	165.13
TOTAL	<u>418.11</u>	<u>282.31</u>
	Year ended	Year ended
	31.03.2012	31.03.2011
18. REVENUE FROM OPERATIONS		
Sale of Products	2,91,170.12	2,63,524.50
Other Operating Revenues	180.94	145.83
	<u>2,91,351.06</u>	2,63,670.33
Less : Excise Duty	12,861.03	9,646.30
TOTAL	<u>2,78,490.03</u>	<u>2,54,024.03</u>

	(₹ in lacs)	
	Year ended 31.03.2012	Year ended 31.03.2011
Detail of Revenue from Operations		
Sale of Products :		
(A) Manufactured Goods		
Cold Rolled Coil/Sheet	12,494.36	17,649.41
Galvanised/Coated Steel Coil/Sheet	92,895.52	79,120.45
Color Coated Coil/Sheets	56,936.47	50,924.71
Pure Lead/Aluminum Alloy Ingots	15,966.62	5,437.99
Sales of Scrap	7,154.07	6,536.91
Sale of Power	156.58	541.13
Duty Drawback and Other Export Incentives (FMS)	1,335.88	268.21
Job Work Charges received	124.34	81.96
SUB TOTAL (A)	1,87,063.84	1,60,560.77
(B) Traded Goods :		
Steel and Others	41,005.72	56,864.40
Agro	63,100.56	46,099.33
SUB TOTAL (B)	1,04,106.28	1,02,963.73
TOTAL(A+B)	2,91,170.12	2,63,524.50
Other Operating Revenues :		
Miscellaneous Sales	180.94	145.83
	180.94	145.83
* Sale of Manufactured Goods includes export sales of ₹ 42,308.16 lacs (Previous Year ₹ 45,477.30)		
* Sale of Traded Goods includes export sales of ₹ 8,415.46 lacs (Previous Year ₹ 9,034.79 lacs)		
19. OTHER INCOME		
Dividend Income	3.34	2.57
Foreign Exchange Rate Fluctuation	---	686.70
Other Non-Operating Income	20.67	48.63
TOTAL	24.01	737.90
20. COST OF MATERIALS CONSUMED		
Opening Stock	12,368.84	12,232.88
Add: Purchases	1,44,853.81	1,29,053.04
SUB TOTAL	1,57,222.65	1,41,285.92
Less: Closing Stock	18,024.62	12,368.84
TOTAL	1,39,198.03	1,28,917.08
Material Consumed Comprises		
Hot Rolled Coil & Others	99,982.48	1,03,588.17
Cold Rolled Coil	8,277.32	1,950.80
Zinc	13,839.16	15,020.26
Paint	3,529.39	3,480.13
Lead and Aluminum	13,569.68	4,877.72
TOTAL	1,39,198.03	1,28,917.08

		(₹ in lacs)	
		Year ended 31.03.2012	Year ended 31.03.2011
21. PURCHASE OF TRADED GOODS			
Steel Product and Others		40,606.70	53,317.00
Agro		60,541.79	47,800.30
	TOTAL	<u>1,01,148.49</u>	<u>1,01,117.30</u>
22. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE			
Inventories (at the end of the year)			
Finished Goods		18,208.71	19,987.50
Scrap and Waste		186.73	227.88
Stock-in-Trade - Traded Goods		14,083.09	14,414.25
	TOTAL	<u>32,478.53</u>	<u>34,629.63</u>
Inventories (at beginning of the year)			
Finished Goods		19,987.50	14,565.51
Scrap and Waste		227.88	103.48
Stock-in-Trade - Traded Goods		14,414.25	13,783.44
	TOTAL	<u>34,629.63</u>	<u>28,452.43</u>
Net Increase/(Decrease)		(2,151.10)	6,177.20
23. EMPLOYEE BENEFIT EXPENSES			
Salaries and Wages		2,635.79	2,421.50
Contribution to Provident and Other Funds		214.07	238.94
Staff Welfare Expenses		130.17	104.25
	TOTAL	<u>2,980.03</u>	<u>2,764.69</u>

Defined Contribution Plan :

Contribution to Defined Contribution Plan is recognized as expense for the year as under :

		(₹ in lacs)	
		<u>2011-12</u>	<u>2010-11</u>
Employer's Contribution to Provident Fund & F.P.F.		90.08	75.39
Employee's Insurance		4.32	3.33

Defined Benefit Plan :

- (a) A general description of the Employees Benefit Plan : The Company has an obligation towards gratuity, a funded defined benefit retirement plan covering eligible employees. The plan provides for lump sum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.



(b) Details of Defined Benefit Plan : As per Actuarial valuation are as follows :

	(₹ in lacs)			
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
	2011-12	2011-12	2010-11	2010-11
I. Reconciliation of opening and closing balances of Defined Benefit Obligations				
Defined Benefit Obligations at beginning of the year	352.01	106.06	271.01	85.31
Current Service Cost	33.38	10.89	27.05	8.97
Interest Cost	29.04	8.49	21.68	6.82
Actuarial (gain)/loss	(25.80)	(5.08)	51.80	17.41
Benefits paid	(10.36)	(5.08)	(19.53)	(12.45)
Defined Benefit Obligations at end of the year	378.27	115.28	352.01	106.06
II. Reconciliation of opening and closing balances of Fair value of Plan Assets				
Fair value of Plan Assets at beginning of the year	435.09	0.00	280.15	0.00
Expected Return on Plan Assets	35.90	0.00	22.41	0.00
Actuarial Gain/(Loss)	8.00	0.00	7.95	0.00
Employer contribution	102.00	5.08	144.11	12.45
Benefits paid	(10.36)	(5.08)	(19.53)	(12.45)
Fair value of Plan Assets at end of the year	570.63	0.00	435.09	0.00
Total Actuarial Gain/(Loss) Recognized during the year	33.81	5.08	(43.85)	(17.41)
III. Reconciliation of Fair Value of Assets and Obligations				
Fair value of Plan Assets	570.63	0.00	435.09	0.00
Present value of Obligation	378.27	(115.28)	352.01	(106.06)
Amount recognized in Balance Sheet	NIL	(115.28)	NIL	(106.06)

Note : In case of gratuity, fair value of plan assets are more than the present value of obligation by ₹ 192.36 lacs (Previous year ₹ 83.07 lacs). Such excess amount was not recognized as an asset of the Company because the Company has no right over the insurer managed gratuity fund.

(₹ in lacs)

	Gratuity (Funded) 2011-12	Leave Encashment (Unfunded) 2011-12	Gratuity (Funded) 2010-11	Leave Encashment (Unfunded) 2010-11
IV. a) Expenses required to be recognized during the year as per actuarial certificate				
Current Service Cost	33.38	10.89	27.05	8.97
Interest Cost	29.04	8.48	21.68	6.82
Expected Return on Plan Assets	(35.89)	0.00	(22.41)	0.00
Actuarial (Gain)/Loss	<u>(33.81)</u>	<u>(5.08)</u>	<u>43.85</u>	<u>17.41</u>
Net Cost	(7.28)	14.29	70.17	33.20

b) Expenses recognized during the year under the head "Employees Remuneration and Benefits"

As per the actuarial certificate net cost required to be recognized in the Profit and Loss Account is ₹ (7.28) lacs (Previous year ₹ 70.17 lacs) but total fund contribution paid to the insurer is ₹ 102.00 lacs (Previous year ₹ 144.11 lacs). Company has recognized total fund contribution as net cost by adopting the conservative approach as the excess fund contribution becomes the property of the trust maintained by the insurer and the Company has no right over that excess contribution.

V. Actuarial Assumptions

Mortality Table (LIC)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)	1994-96 (Ultimate)
Discount Rate (Per Annum)	8.50%	8.50%	8.25%	8.25%
Expected Rate of Return on Plan Assets (Per Annum)	8.50%	8.50%	8.25%	8.25%
Rate of Escalation in salary (Per Annum)	7%	7%	7%	7%
Attrition Rate	2%	2%	2%	2%

VI. The major categories of plan assets as a percentage of the total plan assets

Insurer Managed Funds	100%	100%
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Note : The details of investment made by the insurer is not readily available with the Company.

The estimates of Rate of Escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

As the investment is with the insurance company list of investment is not available so expected return is assumed to be available on risk free investment like PPF.

	(₹ in lacs)	
	Year Ended 31.03.2012	Year Ended 31.03.2011
24. FINANCE COST		
Interest Expense on :		
Term Loan	1,466.87	1,057.52
Working Capital Loan	9,189.21	7,335.58
Less : Interest received	703.19	624.32
TOTAL	9,952.89	7,768.78
25. OTHER EXPENSES		
Consumption of Stores and Spare Parts	1,059.54	701.46
Consumption of Packing Materials	1,779.46	1,757.29
Power, Fuel & Electricity	4,351.89	3,806.69
Rent including Lease Rentals	232.84	178.27
Repairs and Maintenance - Buildings	54.23	26.70
Repairs and Maintenance - Plant & Machinery	191.73	100.27
Repairs and Maintenance - Others	11.36	26.16
Insurance	141.21	102.88
Rates and Taxes	201.68	116.79
Water and Electricity Charges	35.65	19.98
Travelling and Conveyance Expenses	333.56	264.40
Expenses on Exports	4,379.89	4,304.83
Postage, Telegram & Telephone Expenses	78.58	77.80
Freight & Cartage Outward	2,536.13	1,895.57
Other Selling Expenses	892.71	661.80
Advertisement & Publicity	321.01	172.04
Donations and Contributions	13.32	11.31
Legal & Professional Charges	119.63	109.75
Remuneration to Auditors		
- Statutory	2.75	2.15
- Tax Audit Fees	0.50	0.35
- Other Services	1.31	1.63
- Reimbursement of Expenses	0.97	5.53
Loss on Fixed Assets Sold / Scrapped / Written off	0.33	0.55
Provision for Doubtful Trade receivables	22.16	6.92
Foreign Exchange Rate Fluctuation	817.64	---
Prior Period Items (net)	0.45	4.99
Miscellaneous Expenses	343.55	299.89
TOTAL	17,924.08	14,651.43

26. Contingent Liabilities not provided for

	(₹ in lacs)	
	<u>2011-12</u>	<u>2010-11</u>
a) Outstanding Bank Guarantees	1208.26	2,443.93
b) Disputed Liabilities not acknowledged as debts	217.78	173.74
c) Estimated amount of contracts remaining to be Executed on Capital Account (net of advance)	52.88	2,598.71

27. During the year the Company has paid an amount of ₹42.79 lacs as lease rent, charged to Profit & Loss Account (Previous Year ₹ 42.65 lacs).

28. The Company is carrying on the project of construction of Power Sub Stations and Installation and Commissioning of Transmission Line. Having regard to the accounting policies followed by the Company and on the basis of certificate of approved surveyors, the entire expenditure on the Incompleted contracts amount to ₹Nil lacs (Previous year ₹ 528 lacs) is shown in Work in Process (Transmission Lines) in the Balance Sheet under the head of Inventories.

29. Disclosure under Accounting Standard - 7 "Construction Contracts" for contract under progress

	(₹ in lacs)	
	<u>2011-12</u>	<u>2010-11</u>
Contract revenue recognised as revenue in the period	0	3,426.67
Contract costs incurred and recognised profits	0	3,954.49
Advances received	0	1,675.57
Gross amount due from customers for contract work	0	527.82

30. In respect of Constructions Contracts, the Company follows the Percentage of Completion Method for recognizing profit/loss but no provision is made for contingencies in respect of contract in progress, consistent with the practice of the Company. Accounting Standard-7 on Accounting for Construction Contracts issued by the Instituted of Chartered Accountants of India requires that an appropriated allowance be made for future unforeseeable factors. In the opinion of the Company, such a provision is not required and has no financial effect.

31. Balances of debtors, creditors, deposits and advances are partly confirmed.



32. Segment Reporting :

a) Business Segments

(₹ in lacs)

Particulars	Manufacturing Segment	Trading Segment	Total 31.03.2012	Manufacturing Segment	Trading Segment	Total 31.03.2011
Segment Revenue	1,74,383.75	1,04,106.28	2,78,490.03	1,51,747.00	1,02,963.73	2,54,710.73
Unallocable Other Income	---	---	24.01	---	---	51.20
Segment Results	12,268.66	2626.65	14,895.31	10,695.80	2,477.24	13,173.04
Less: Unallocable Expenses :						
Interest & Finance Charges	7,849.74	2,103.15	9,952.89	5,898.26	1,870.52	7,768.78
Other Unallocable Expenses	---	---	1,560.62	---	---	1,518.25
Profit(+) / Loss(-) before Tax	---	---	3,405.81	---	---	3,937.22
Less: Provision for :-						
Income Tax / Adjusted for earlier years (Net)	---	---	691.56	---	---	829.71
Deferred Tax Liabilities/(assets)	---	---	(158.98)	---	---	(116.53)
Profit(+) / Loss(-) after Tax	---	---	2,873.23	---	---	3,224.04
Segment Assets	97,615.44	23,157.16	1,20,772.60	86,809.07	24,388.32	1,11,197.39
Unallocable Assets	---	---	488.93	---	---	508.31
Segment Liabilities	43,460.28	17,990.20	61,450.48	31,843.68	19,040.20	50,883.88
Unallocable Liabilities	---	---	---	---	---	---
Capital Expenditure	---	---	790.58	---	---	1,919.46
Segment Depreciation	---	---	1,753.61	---	---	1,782.63

b) Geographical Segments

(₹ in lacs)

Particulars	31.03.2012	31.03.2011
Domestic Revenue	2,27,766.41	2,00,198.64
Export Revenue	50,723.62	54,512.09

33. Related party disclosures as per Accounting Standard - 18 are given below :-

A. Relationships

- a) Key Management Personnel and their relatives :
- Mr. Santosh Shahra, Managing Director
 - Mr. P. Srikrishna, Whole - Time Director
 - Mrs. Usha Devi Shahra, wife of Managing Director
 - Mrs. Aditi Gowani, daughter of Managing Director
 - Mr. Vishesh Shahra, son of Managing Director
- b) Other related parties where control exists :
- Shreeyam Power and Steel Industries Limited
 - NSIL Infotech Limited
 - NSIL Power Limited



Shahra Brothers Private Limited
Ruchi Integrated Steels (India) Limited
Ruchi Power Corporation Limited
NSIL Exports Limited
Shri Mahadeo Shahra Sukrat Trust
NSIL Finance Limited
Shriyam Industries Private Limited
Nutrela Marketing Private Limited
Shahra Estate Private Limited
Divine Infracreation & Trading Private Limited

- B.** Transactions carried out with related parties referred in 33-A above, in the ordinary course of business :

(₹ in lacs)				
31.03.2012			31.03.2011	
Nature of Transactions	<u>Related Parties</u>		<u>Related Parties</u>	
	Referred in 33-A (a)	Referred in 33-A (b)	Referred in 33-A (a)	Referred in 33-A (b)
Purchases/Expenses	31.68	1,716.49	31.68	9,775.97
Remuneration	194.96	---	128.17	---
Sales	---	23,155.94	---	8,869.49
Other Receivables	---	---	---	---
Outstanding/payable	---	1,414.50	---	1,202.14

- 34. Earning Per Share (EPS)** computed in accordance with Accounting Standard – 20:

	<u>31.03.2012</u>	31.03.2011
Profit after Tax (₹ in lacs)	2,873.23	3,224.04
Number of Equity Shares Issued	4,45,00,000	3,27,33,321
Basic / Diluted EPS (₹)	5.88	9.06
	(₹ in lacs)	
	<u>2011-12</u>	2010-11

- 35. Managerial Remuneration:**

Salary	144.15	109.62
Allowance & Others	34.19	8.45
Providend Fund	16.62	10.10
Sitting Fee	0.92	0.54
	<u>195.88</u>	<u>128.71</u>



(₹ in lacs)

	As At 31.03.2012	As At 31.03.2011	
36. (a) Major components of Deferred Tax			
Liabilities :			
Depreciation	3,210.74	3,366.59	
Assets :			
Retirement benefits & other	(32.84)	(29.71)	
Net Deferred Tax Liability	3,177.90	3,336.88	
(b) Deferred Tax charge for the year			
Opening Deferred Tax Liability	3,336.88	3,453.41	
Less : Closing Deferred Tax Liability	3177.90	3,336.88	
Deferred Tax charge for the year	(158.98)	(116.53)	
37. Total MAT Credit was available ₹ 9.62 Crores out of which Company has recognized and utilized MAT Credit of ₹ 1.99 Crores to the extent of entitlement.			
38. The Financial Statements for the year ended 31st March, 2011 has been prepared as per the applicable, pre-revised Schedule VI of the Companies Act, 1956. Consequent to the notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification.			
39. Financial and Derivative Instruments			
(a) Forward Contracts entered into by the Company :			
	No. of Contracts	Amount in F.C.	Amount in INR
Covered against Import	8	USD 1,26,49,527.64	64,36,07,966.32
Covered against Export	8	USD 59,75,000.00	30,39,48,250.00
(b) Forward Currency exposure which are not hedged as at Balance Sheet date :			
Currency	Payable	Receivable	Net
USD	2,99,00,411.91	54,32,665.00	2,44,67,746.91
EURO	0.00	2,94,549.52	2,94,549.52
40. Capital Work-in-Progress :			
Expenses incurred towards on going projects under various capital assets including advances paid to suppliers and advance against land are as under :			
	As at 31.03.2012	As at 31.03.2011	
Building, Site Development Expenses	1,216.10	330.03	
Plant and Machinery	3,048.96	265.46	
Preoperative Expenses	535.15	61.11	
Advance to Suppliers	---	564.85	
TOTAL	4,800.21	1,221.45	



41. Value of imported & Indigenous Raw Materials and Stores & Spares Consumed

	Year ended 31.03.2012 (₹ in lacs)	%	Year ended 31.03.2011 (₹ in lacs)	%
i) Raw Materials :				
Imported	49,185.51	35.33	52,174.51	40.47
Indigenous	90,012.52	64.67	76,742.57	59.53
	<u>1,39,198.03</u>	<u>100.00</u>	<u>1,28,917.08</u>	<u>100.00</u>
ii) Stores & Spares :				
Imported	32.16	3.04	29.42	4.19
Indigenous	1,027.38	96.96	672.04	95.81
	<u>1,059.54</u>	<u>100.00</u>	<u>701.46</u>	<u>100.00</u>

	Year ended 31.03.2012 (₹ in lacs)	Year ended 31.03.2011 (₹ in lacs)
A) Value of Import on CIF basis:		
i) Raw Materials	19,700.73	23,416.67
ii) Capital Goods and Consumables	1,747.73	96.29
iii) Traded Goods	61,776.19	32,214.18
B) Expenditure in Foreign Currency:		
i) Travelling Expenses	15.41	13.01
ii) Commission & Others	773.96	123.43
iii) Consumables	202.01	36.73
C) Remittance in Foreign Currency:		
Dividend	220.04	220.04
D) Earnings in Foreign Currency		
Export on F.O.B. Value	39,705.99	42,963.97

As per our report of even date attached

For and on behalf of the Board

For **Manoj Khatri & Company**
Chartered Accountants
FRN-011546C

Kailashchandra Shahra
(Chairman)

CA Ashish Jain
(Partner)
Membership No. 403161

Paridhi Kasliwal
(Company Secretary)

Santosh Shahra
(Managing Director)

Place : Indore
Dated : 30.05.2012

Place : Indore
Dated : 30.05.2012