

To  
The Members,  
The Directors have pleasure in presenting the 36th Annual Report of the Company together with the Audited Accounts for the year ended 31st March, 2009.

**FINANCIAL REVIEW**

The financial year 2008-09 started with uptrend in demand for iron and steel products and buoyancy in the steel prices during the first half. However, the unprecedented global economic slow down and financial crisis in the second half forced the steel industries to curtail production in line with market demand. Since ferro alloys are exclusively utilized as raw materials in steel industry, the ferro alloys industry witnessed uptrend in the demand and better prices for ferro alloys during the first half, had to curtail the production in the second half in line with market demand and to take various measures to improve the performance.

Your Company has achieved a turnover of Rs. 425.06 crores (including conversion income of Rs. 353.02 crores) as compared to Rs. 396.41 crores (including conversion income of Rs.290.79 crores) in the previous year. The Company has achieved an improved performance in terms of financial results and earned a net profit (before tax) of Rs. 62.08 crores due to strategic measures taken by the Management viz. increase in production and sales, better product mix, improved techno-economic parameters, optimization in procurement and continuous emphasis on cost reduction, prudent funds management, etc. The financial results are as summarized below:

	(Rs.in crores) 2008-2009	2007-2008
Turnover (Gross)	425.06	396.41
Operating Profit/Loss (-)	64.53	57.89
Interest	0.26	0.11
Depreciation	2.19	1.91
Net Profit/Loss (-) before Tax	62.08	55.87
Income Tax Provision	21.19	19.55
Net Profit/Loss(-) after Tax	40.88	36.32
Proposed Dividend	8.40	7.44
Tax on proposed Dividend	1.43	1.26

Considering the consistency in performance of the Company, the Directors have recommended dividend @ Rs.3.50 per share on the paid up capital of the Company subject to approval of the Shareholders. A sum of Rs. 4.10 crores has been transferred to the General Reserve during the year.

**PRODUCTION REVIEW**

The Company's production of different grades of ferro alloys was as under:

Material	2008-09 (MT)	2007-08 (MT)
High Carbon Ferro Manganese	68789	64584
Silico Manganese	35640	37640
Medium/Low Carbon Ferro Manganese	1763	1941

Company had to operate Furnace-II for ten months for Silico Manganese production. In order to meet enhanced demand for SAIL Plants. Furnace-I was operated for producing Ferro Manganese for twelve months and Furnace-II for two months for production Ferro Manganese.

**SALES & MARKETING REVIEW****SAIL STEEL PLANTS**

During the financial year 2008-09 the Company continued conversion arrangements with SAIL Steel Plants in order to have secured market. Vigorous efforts were made by the Company to find market outside SAIL. Despatches of ferro alloys to SAIL steel plants under conversion arrangements during the year were as under:

Material	2008-09 (MT)	2007-08 (MT)
High Carbon Ferro Manganese	61015	59129
Silico Manganese	29662	32197
Medium/Low Carbon Ferro Manganese	1448	1554

**OTHER CUSTOMERS**

The Company continued to achieve a growth in terms of sales realization through sale of ferro alloys to customers other than SAIL Plants. The details of sales performance in 2008-09 vis-à-vis 2007-08 are as under:

Material	2008-09 Quantity (MT)	Value (Rs. in lakhs)	2007-08 Quantity (MT)	Value (Rs. in lakhs)
High Carbon Ferro Manganese	3127	2122.95	8504	4918.45
Silico Manganese	4710	2785.43	7525	3795.68
Medium Carbon Ferro Manganese	16	22.88	237	218.62
Others (Slag & others)	--	257.78	--	185.15
Total	7853	5189.04	16266	9117.90

**RESEARCH & DEVELOPMENT**

a) Major Capital Schemes undertaken for implementation in the technical area were:

- Installation & commissioning of XRF (X-Ray Fluorescent Spectrometer) for

qualitative and quantitative analysis of inputs & outputs with precision for better process control.

- Installation of plant wide Communication Network System to improve in MIS (Management Information System).
- Major in-house modification in raw material charging equipments for improvement and reliability of system.
- Layer casting of Ferro Alloys at both furnaces.
- Installation of standby Dust Collection System at SAF-II to improve gas availability to Power Plant.
- Installation of indoor 22 KV Auxiliary supply Sub-Station.
- In-house process development for production of LGHS Sinter (7756 MT) by using available LGHS dumped ore fines thereby reducing purchase of LGHS Ore.
- Concreting of Ferro Plot by 2000 Square Meters for improving the metallic yield.
- Replacement of heat exchanger at SAF-II transformer by indigenous one.

**HUMAN RESOURCES MANAGEMENT REVIEW**

The Human Resource at MEL has always been the foundation behind its success. During the year the thrust has been on increasing the production and productivity through optimum manpower utilization. While reduction in manpower was taken up through Voluntary Retirement Scheme (VRS), on the other hand multi tasking and redeployment of employees had been carried out among cross section of employees to optimize the manpower requirement of the Company. The Human Resource Development (HRD) activities have been focused on enhancement of Technical and Managerial skills with thrust on multi-skill training and exposure to modern management techniques. During the year 776 employees were trained in various areas.

The Company continues to recognize excellence in performance and innovation and has awarded 7 Executives and 35 Non-Executives, for their individual contribution with 6 groups awards on Republic Day, 2009.

The Company's Scholarship for Meritorious wards has been awarded to 5 children during the year. The Company has also motivated 80 Bright Pupils by honouring them with awards for their Best Performance in academics.

The Company has awarded Long Service Awards to 11 employees for their 25 years of service to the Company.

The Company in association with the National AIDS Control Organisation (NACO) has actively participated and promoted the Information, Education and Communication (IEC) under the campaign for HIV/Aids awareness programme. The Company has organized stalls in various exhibitions in Chandrapur City for propaganda of HIV/Aids awareness.

The manpower strength of MEL as on 31st March, 2009 was 748 comprising 624 Non-executives and 124 Executives. The man power was rationalized with a reduction of 44 employees during the year. The labour productivity was 166.29 Tonne/Man/Year in the year 2008-09.

The Company has always been giving priority to the implementation of Official Language Policy of Government of India and also directives on Scheduled Caste and Scheduled Tribe. As on 31st March, 2009, out of total manpower 101 were Scheduled Caste (13.50%), 58 were Scheduled Tribes (7.62%) and 410 were Other Backward Castes (52.27%).

Safety standards have been maintained at all spheres of activities and special campaign on safety has been taken up through work shops, training programmes and departmental level counselling. Special safety measures have been used and special training has been imparted to make the work place safe and hazard free.

During the year the Industrial Relations remained harmonious with full support and co-operation of the Trade Union and Officers' Association. Harmonious Industrial Relations has been a great support for higher production and productivity.

**ENVIRONMENT**

Environment Management and Pollution Control is always accorded top priority in company's activities to comply with applicable legal and other requirements related to its environmental aspects and try to go beyond. To keep environment clean for ecological protection, focused attention was given in the areas of green belt development in and around the plant premises, solid waste management, monitoring of liquid effluent and air ambient for various environmental parameters. Following special efforts were taken during the financial year for enhancing the effective environment management at MEL

a) Celebration of Environment Day on 5th June, 2008.

b) Celebration of Environment Month from 19th November, 2008 to 18th December, 2008. Sit & Draw competitions, slogan & essay competitions were held for the ward of employees. Similarly, essay and slogan competitions were held for the employees during the month to create awareness on Environment Protection.

c) Installation & commissioning of 2nd Dust Collection System (DCS) for SAF-II towards fulfilment of commitment given to Maharashtra Pollution Control Board (MPCB).

d) To control fugitive emission due to vehicular traffic, concreting of roads in PH Yard area was completed.

e) Concrete lining of effluent pond has been carried out as a part of compliance of commitment given to MPCB.

f) CIMFR has submitted study report and recommended for stowing SiMn granulated slag in underground mines of WCL in the place of sand, based on field trials conducted at underground mines of WCL and laboratory analysis.

g) Director of Mines Safety, Nagpur, has granted permission to use slag in underground mines of WCL.

h) Installation and commissioning of atomized water spray pump for regular spraying of water for controlling fugitive emission on plant roads.

**CORPORATE SOCIAL RESPONSIBILITY**

MEL has been serving the communities located in and around MEL neighbourhood and nearby villages. The focus of the activities remained on benefit to the community at large for Village upliftment in terms of education, health, self employment and infrastructural facilities, roads, water, electricity, etc.

During the year 2008-09 your Company has conducted six medical camps covering Gynaec & General Health for ladies, diagnostic camp for children, eye camp for people above 50 years of age and free plastic surgery camp. This benefited 1622 residents of nearby villages and mofussil around MEL.

On the education front, your Company has distributed school bags and stationery to 14 schools in 14 villages benefiting 1148 children. The Company has also organized Kabaddi, Cricket & Badminton tournaments for promoting sports. Other activities include construction of culvert in the neighbouring Krishna Nagar area for the benefit of children and residents for direct commutation to the Main Road/MEL premises. The Company has provided support to institutions of the blind, physically challenged, mentally challenged and orphans by providing them material support and basic necessities.

Your Company has provided support through self employment schemes like providing Training and Driving Licenses for Light Motor Vehicle to 20 residents of neighbouring villages Lohara & Junona. Company has also started two cloth stitching and cutting classes in both the villages for providing training to 25 ladies of each village. The activities benefited the villagers and communities in and around MEL at Chandrapur.

**TOTAL QUALITY & INDUSTRIAL SAFETY**

Quality Management System (QMS) in accordance with ISO-9001-2000 International Standard was successfully maintained in MEL during 2008-09. Recertification Audit of ISO-9001-2000 QMS of MEL was carried out successfully by certifying agency M/s.LRQA, Mumbai, on 25th to 27th August, 2008 and re-certified the Company for the next three years.

**HIGHLIGHTS OF SAFETY PERFORMANCE**

No fatal accident during the year. Reduction in reportable accidents by 54% over the previous year.

• Out of 23 departments, 19 departments maintained "Zero Reportable Accident" level.

• 100% use of Crash Helmets by two wheeler riders.

• Longest reportable accident free period achieved from 30/7/2008 to 12/3/2009 i.e. 226 days for regular employees and from 31/7/2008 to 31/3/2009 i.e. 224 days for contract workers.

• Yoga and safety training programmes were organized by HRD which has resulted in improving health, moral and positive attitude and safety awareness of employees.

• MEL as a leader having important role in promoting the 'Safety & Health' in nearby industries by coordinating various activities like safety meets, training programmes and safety competitions through 'Industrial Safety Forum for Chandrapur District' (ISFCD), which is a group of Safety Officers of all major industries in Chandrapur District formulated under the guidance of Additional Director (Industrial Safety & Health), Nagpur Region.

**MERGER OF MEL WITH SAIL**

The Expert Group, constituted by the Ministry of Steel, Govt. of India, to evaluate the Feasibility of proposals for merger of PSUs, has recommended for merger of MEL with SAIL. MEL Board approved in principle for merger of MEL with SAIL subject to the provisions of Companies Act, 1956.

**FUTURE PLAN**

• To achieve the objectives of the Corporate Plan 2012, studies were carried out for developing infrastructural facilities and equipment for implementing layer casting of ferro alloys.

• Mechanization of product handling/ breaking to improve the labour productivity and yield.

• Installation of one number 45 MVA Submerged Arc Furnace for production of Ferro Alloys.

• To reduce power cost, wheeling of power from BSP, Bhilai and DSP,Durgapur.

• To reduce the cost of production of Ferro Alloys by:

a) Partial replacement of charcoal by coal.

b) Use of Manganese Ore from Gua Mines of Steel Authority of India Limited.

c) Use of LGHS Mn Ore Sinter for SiMn production.

• Electrification of MEL Railway Sidings.

**Special Projects at MEL:****Iron Ore Mines**

Application for 'Prospecting Licence' for Iron Ore has been submitted to the Office of District Mining Officer, Chandrapur.

**Manganese Ore Mines**

Application for 'Prospecting Licence' for Manganese Ore has been submitted to the Office of District Mining Officer, Chandrapur. MEL is pursuing the matter with District Mining Officers and Director, Geology & Mining, Nagpur, for both the cases.

**Installation of 67.5 x 2MW Power Plant**

Techno-economic/ pre-feasibility report for 67.5 x 2 MW Captive Power Plant at MEL, Chandrapur, prepared by MECON, Ranchi, has been received from NSPCL, New Delhi. The report is under examination.

**REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.**

Information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, is given at Annexure -I, II & III to this report.

Your Company is a designated consumer and Energy Audit is mandatory for designated consumers through Accredited Energy Auditors. Energy Audit was conducted on Submerged Arc Furnaces and its Auxiliaries in March, 2009, according to Energy Conservation Act, 2001, by Accredited Energy Auditors M/s. Petroleum Conservation Research Association, Mumbai. MEL has complied with the provisions of Energy Conservation Act, 2001.

**PARTICULARS OF EMPLOYEES**

There was no employee of the Company who received remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**DIRECTORS**

Shri R. Ramaraju has been appointed as Director w.e.f. 15th May, 2008.

Shri S.K. Jain ceased to be Director w.e.f. 30th June, 2008.

Shri A.K. Nigote ceased to be Director w.e.f. 30th June, 2008.

Shri S.A. Rode has been appointed as Director w.e.f. 10th July, 2008.

Shri P.K. Bajaj has been appointed as Director w.e.f. 21st July, 2008.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956 it is hereby confirmed:

i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

ii) that the directors had 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 at the end of the financial year and of the profit or loss of the Company for that period;

iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) that the directors had prepared annual accounts on a going concern basis.

**CORPORATE GOVERNANCE**

In terms of listing agreement with the Stock Exchange a compliance report on Corporate Governance is given at Annexure-IV to this report. The Management Discussion & Analysis Report is given at Annexure-V. A certificate from Auditors of the company regarding compliance of conditions of Corporate Governance is placed at Annexure-VI to this report. In terms of Listing Agreement, the Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. All the Board Members and Senior Management personnel have affirmed compliance with the Code.

**AUDITORS REPORT**

The Statutory Auditors' Report on Accounts of the Company for the financial year ended 31st March, 2009 along with Management's replies are enclosed. The comments of Comptroller and Auditor General of India under the Section 619(4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31st March, 2009 are enclosed at Annexure-VII.

**ACKNOWLEDGEMENT**

The Board of Directors take this opportunity to express their appreciation for the support, Co-operation and loyalty extended by every employee of the Company. They wish to acknowledge the continued support extended by Steel Authority of India Limited. The Directors also greatly appreciate the excellent support the Company received from Shareholders, Auditors, Bankers, Financial Institutions, Central & State Governments, Local Authorities, Maharashtra Electricity Regulatory Commission (MERC), Maharashtra State Electricity Distribution Company Limited (Maha Vitaran) and the Suppliers and Customers.

For & on behalf of the Board

Sd/-  
(R.Ramaraju)  
Chairman

Place : Bhilai.  
Date : 2<sup>nd</sup> July, 2009.

## Balance Sheet

As at 31st March, 2009

	Schedule No.	As at 31st March 2009	As at 31st March 2008
<i>(Rupees in lacs)</i>			
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1.1	2400.00	2400.00
Reserves and Surplus	1.2	10242.06	7136.20
		12642.06	9536.20
<b>Loan Funds</b>			
Secured Loans	1.3	78.92	0.00
Unsecured Loans	1.4	22.12	38.68
		101.04	38.68
		12743.10	9574.88
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>	1.5		
Gross Block		7083.47	6363.84
Less: Depreciation		3966.40	3777.21
Net Block		3117.07	2586.63
Capital Work-in-Progress	1.6	561.11	288.40
		3678.18	2875.03
Deferred Tax Assets ( Net )		1710.51	1362.91
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	1.7	6051.89	4219.39
Sundry Debtors	1.8	2701.25	2229.08
Cash and Bank Balances	1.9	5990.30	8610.23
Interest Receivable/Accrued	1.10	191.97	194.47
Loans and Advances	1.11	4553.46	2463.30
		19488.87	17716.47
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	1.12	4569.41	6792.42
Provisions	1.13	7565.05	5600.37
		12134.46	12392.79
<b>Net Current Assets</b>		7354.41	5323.68
Miscellaneous Expenditure	1.14	0.00	13.26
(to the extent not written off or adjusted)			
		12743.10	9574.88
Accounting Policies and Notes on Accounts	3		
Schedules 1 and 3 annexed hereto, form part of the Balance Sheet.			

For and on behalf of Board of Directors

Sd/-  
(R. Ashokkumarr)  
Company Secretary

Sd/-  
(Mahesh Chandra)  
General Manager(F&A)

Sd/-  
Debidas Pal  
(Executive Director)

As per our report of even date

For Mukund M. Chitale & Co.  
Chartered Accountants

Sd/-  
(A.V. Kamat)  
Partner  
M.No. 39585

Sd/-  
(P.K. Bajaj)  
Director

Sd/-  
(R. Ramaraju)  
Chairman

Place : New Delhi  
Date : 27<sup>th</sup> May, 2009

## Profit & Loss Account

(For the year ended 31st March, 2009)

	Schedule No.	Year ended 31st March, 2009	Year ended 31st March, 2008
<i>(Rupees in lacs)</i>			
<b>INCOME</b>			
Sales	2.1	42505.70	39641.12
Less : Excise duty		10095.40	7989.07
		32410.30	31652.05
Interest earned	2.2	854.34	268.28
Other revenues	2.3	860.21	223.34
Provisions no longer required written back	2.4	46.12	15.70
		1760.67	507.32
		34170.97	32159.37
<b>EXPENDITURE</b>			
(Accretion) to / Depletion in stocks	2.5	(1465.88)	1,242.11
Raw Materials consumed	2.6	8457.01	6342.56
Employees Remuneration & Benefits	2.7	5140.04	5503.82
Stores & Spares Consumed		864.69	706.33
Power & Fuel	2.8	13174.23	11391.29
Repairs & Maintenance	2.9	172.29	139.45
Other expenses	2.10	1375.36	1044.51
Interest & finance charges	2.11	25.76	11.25
Depreciation		219.45	190.63
		27962.95	26571.95
Profit before Tax		6208.02	5587.42
Less : Provision for Taxation			
- Current Tax		2450.00	2640.00
- Fringe Benefit Tax		17.00	18.00
- Deferred Tax		(347.60)	(702.96)
		2119.40	1955.04
Profit after Tax		4088.62	3632.38
Surplus brought Forward from previous year		6431.20	4034.26
Amount available for Appropriation		10519.82	7666.64
<b>APPROPRIATIONS</b>			
Transferred to General Reserve		410.00	365.00
Proposed Dividend		840.00	744.00
Tax on Dividend		142.76	126.44
Balance carried to Balance Sheet		9127.06	6431.20
		10519.82	7666.64
<b>Earning per Share</b>			
Profit after Tax (Rs. in Lacs)		4088.62	3632.38
Average number of equity shares		24000000	24000000
(Face value Rupees 10/- each)			
Basic & Diluted Earnings Per Share (Rupees)		17.04	15.13
Accounting Policies and Notes on Accounts	3		
Schedules 2 and 3 annexed hereto, form part of the Profit & Loss Account.			

For and on behalf of Board of Directors

Sd/-  
(R.Ashokkumarr)  
Company Secretary

Sd/-  
(Mahesh Chandra)  
General Manager(F&A)

Sd/-  
(Debidas Pal)  
Executive Director

As per our report of even date

For Mukund M. Chitale & Co.  
Chartered Accountants

Sd/-  
(A.V. Kamat)  
Partner  
M.No 39585

Sd/-  
(P.K. Bajaj)  
Director

Sd/-  
(R. Ramaraju)  
Chairman

Place : New Delhi  
Date : 27<sup>th</sup> May, 2009



## Cash Flow Statement

(For the year ended 31st March, 2009)

	Year ended 31st March, 2009	Year ended 31st March, 2009
		(Rupees in lacs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before tax and dividend and prior period adjustment	6,208.02	5,587.42
Adjustment for :		
Depreciation	219.45	190.63
Interest and Finance Charges	25.76	11.25
Interest income	(854.34)	(268.28)
Misc. Expenditure(Deferred) charged during the year	13.26	36.11
Provisions for retirement benefits (net of payment)	1,852.98	2,355.41
Provisions for Loans & Advances (Others)	-	1.31
Provision no longer required written back	(46.12)	(15.70)
Credit balance written back	(11.76)	(3.17)
Loss on Sale of discarded Fixed Assets	1.06	0.14
Profit on Sale of discarded Fixed Assets	(15.47)	(0.63)
Amount written off	15.76	14.61
Depreciation on sale of fixed assets written back	-	(24.28)
Operating Cash Flow before payment of Tax	7,408.60	7,884.82
Payment of Advance Tax	(1,600.00)	(2,115.00)
Tax deducted at source	(931.61)	(696.12)
Payment of fringe benefit tax during the year	(20.00)	(20.00)
Income Tax Refund	10.55	-
Operating Profit before working capital changes	4,867.54	5,053.70
Adjustment for :		
Inventories	(1,832.50)	2,282.10
Sundry Debtors	(472.17)	(1,668.34)
Loans and Advances	(2,028.93)	943.83
Current Liabilities & Provisions	(2,170.75)	2,148.65
Net Cash from Operating Activities [A]	(1,636.81)	8,759.94
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of Fixed Assets	(1,027.05)	(402.81)
Sale of Salvaged/Scrapped Fixed Assets & Idle Spares	18.86	0.88
Interest income	853.91	162.29
Net cash from Investing Activities [B]	(154.28)	(239.64)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Payment of Dividend	(739.38)	(477.21)
Payment of Dividend Tax	(126.44)	(81.58)
Increase/Decrease in utilisation of Working Capital borrowings	78.92	-
Other Borrowings	(16.56)	(59.46)
Interest and Finance Charges	(25.38)	(11.25)
Net Cash from Financing Activities [C]	(828.84)	(629.50)
Net Increase/(Decrease) in Cash & Cash Equivalents [A+B+C]	(2,619.93)	7,890.80
Cash & Cash Equivalents (Opening)	8,610.23	719.43
Cash & Cash Equivalents (Closing)	5,990.30	8,610.23
[Represented by Cash & Bank Balances]		

### Notes :

- The above cash flow statement has been prepared pursuant to Clause 32 of Listing Agreement with Stock Exchange and under the indirect method set out in Accounting Standard - 3 issued by The Institute of Chartered Accountants of India.
- Figures in bracket indicate cash outflows.
- Previous year figures have been rearranged / regrouped wherever necessary to conform to current years classification.

For and on behalf of Board of Directors

As per our report of even date  
For **Mukund M.Chitale & Co**  
Chartered Accountants.

Sd/-  
(**R. Ashokkumarr**)  
Company Secretary

Sd/-  
(**Mahesh Chandra**)  
General Manager (F&A)

Sd/-  
(**Debidas Pal**)  
Executive Director

Sd/-  
(**A. V. Kamat**)  
Partner  
M.No. 39585

Sd/-  
(**P.K. Bajaj**)  
Director

Sd/-  
(**R. Ramaraju**)  
Chairman

Place : New Delhi  
Date : 27<sup>th</sup> May, 2009

## Schedules

(Forming part of Balance Sheet)

	As at 31st March, 2009	As at 31st March, 2008
		(Rupees in lacs)
<b>1.1: SHARE CAPITAL</b>		
<b>Authorised</b>		
30,000,000 (P.Y. 30,000,000) Equity Shares of Rs.10 each	3000.00	3000.00
	3000.00	3000.00
Issued, Subscribed & Paid-up		
24,000,000 (P.Y. 24,000,000) Equity Shares of Rs.10 each fully paid-up	2400.00	2400.00
	2400.00	2400.00
Note : Of the above 237,87,935 (P.Y. 237,87,935) equity shares are held by Steel Authority of India Limited - Holding Company		
<b>1.2 : RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per last Balance Sheet	15.00	15.00
(Represents amount received from Central Government by way of Capital subsidy )		
<b>General Reserve</b>		
As per last Balance Sheet	690.00	325.00
Add : Transferred from Profit & Loss Account	410.00	365.00
	1100.00	690.00
<b>Surplus as per Profit &amp; Loss Account</b>	9127.06	6431.20
	10242.06	7136.20
<b>1.3 : SECURED LOANS</b>		
Working Capital Borrowings from Banks *	78.92	0.00
Loan from banks against term deposits #	0.00	0.00
	78.92	0.00
* Secured by hypothecation of Company's inventories, Book Debts and are guaranteed by Steel Authority of India Limited- Holding Company.		
# Secured against term deposits of Rs. 2750 lacs. Amount of Rs. -286.88 (P.Y. Nil) was outstanding as on 31.03.09, same has been rounded off to Rs.0.00 lacs.		
<b>1.4 : UNSECURED LOANS</b>		
Term Loan From Government of Maharashtra (Interest free)	22.12	38.68
(Transferred from SICOM to Govt. of Maharashtra in past years)	22.12	38.68
Note: Unsecured Loans repayable within one year.	0.00	16.56
<b>1.5 : FIXED ASSETS</b>		

DESCRIPTION	GROSS BLOCK (AT COST)			As at 31st March, 2009	DEPRECIATION			As at 31st March, 2009	NET BLOCK	
	As at 31st March, 2008	Additions/ Adjustments during the Year	Less : Sales/ Adjustments during the Year		Up to 31st March, 2008	For the Year	Less : On sales/ Adjustments during the Year		As at 31st March, 2009	As at 31st March, 2008
<b>A. PLANTS, MINES, OTHERS</b>										(Rupees in lacs)
Land(including cost of development)										
-Freehold Land *	29.79	0.00	0.00	29.79	-	-	-	-	29.79	29.79
Railway Lines & Sidings	108.58	10.13	0.00	118.71	103.15	0.36	0.00	103.51	15.2	5.43
Roads, Bridges & Culverts	47.41	0.31	0.00	47.72	4.82	0.77	0.00	5.59	42.13	42.59
Buildings	732.52	138.66	0.00	871.18	324.29	21.97	0.00	346.26	524.92	408.23
Plant & Machinery										
-Ferro Alloys Plant	4256.75	324.16	40.85	4540.06	2644.09	139.97	25.22	2758.84	1781.22	1612.66
-Others	548.20	134.75	0.67	682.28	381.48	28.72	0.64	409.56	272.72	166.72
Furniture & Fittings	64.79	0.98	0.09	65.68	57.16	0.45	0.04	57.57	8.11	7.63
Vehicles	107.55	15.04	3.05	119.54	62.25	7.98	2.90	67.33	52.21	45.30
Water Supply & Sewerage	41.96	1.34	0.00	43.30	35.64	0.83	0.00	36.47	6.83	6.32
EDP Equipment's	71.56	13.51	0.00	85.07	50.36	7.16	0.00	57.52	27.55	21.20
Software (Intangible)	0.81	1.11	0.00	1.92	0.43	0.91	0.00	1.34	0.58	0.38
Miscellaneous Articles	66.56	3.98	0.90	69.64	36.87	2.67	0.53	39.01	30.63	29.69
Sub-total 'A'	6076.48	643.97	45.56	6674.89	3700.54	211.79	29.33	3883.00	2791.89	2375.94
Figures for the previous year	5832.28	322.97	78.77	6076.48	3539.58	185.24	24.28	3700.54	2375.94	
<b>B. SOCIAL FACILITIES</b>										
Roads, Bridges & Culverts#	9.15	3.41	0.00	12.56	3.28	0.37	0.00	3.65	8.91	5.87
Buildings	243.57	107.32	0.00	350.89	68.18	5.08	0.00	73.26	277.63	175.39
Furniture & Fittings	3.08	5.58	0.89	7.77	0.76	0.62	0.20	1.18	6.59	2.32
Water Supply & Sewerage	16.31	0.00	0.00	16.31	2.50	0.26	0.00	2.76	13.55	13.81
EDP Equipment's	4.00	3.03	1.37	5.66	1.06	0.71	0.55	1.22	4.44	2.94
Miscellaneous Articles#	9.41	5.73	1.02	14.12	0.89	0.62	0.18	1.33	12.79	8.52
Sub-total 'B'	285.52	125.07	3.28	407.31	76.67	7.66	0.93	83.40	323.91	208.85
Figures for the previous year	272.91	12.61	0.00	285.52	71.28	5.39	0.00	76.67	208.85	
<b>C. UNSERVICABLE / OBSOLETE ASSETS</b>										
(net book value or net realisable value whichever is less)	1.84	0.00	0.57	1.27	0.00	-	0.00		1.27	1.84
Figures for the previous year	2.11	0.12	0.39	1.84	0.00		0.00	0.00	1.84	2.11
Total ('A'+ 'B'+ 'C')	6363.84	769.04	49.41	7083.47	3777.21	219.45	30.26	3966.40	3117.07	2586.63
Figures for the previous year	6107.30	335.70	79.16	6363.84	3610.86	190.63	24.28	3777.21	2586.63	

\* Land granted by Govt. of Maharashtra under occupancy rights subject to restrictions agreed upon by the company towards payment of unearned increment on the property transfer as per agreed terms.

# During the year, Fixed Assets amounting to Rs. 3.41 lacs in the nature of Roads, bridges & culvert reflected under Miscellaneous Article (Electrical Appliance) in earlier year have been regrouped to Roads, bridges & culverts A/c. and corresponding depreciation has also been regrouped.

## Schedules

(Forming part of Balance Sheet)

<b>1.6 : CAPITAL WORK-IN-PROGRESS</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Expenditure during construction pending allocation (Schedule 1.6.1)	<b>20.29</b>	21.07
Ferro Alloys Units	<b>517.07</b>	244.36
	<b>537.36</b>	265.43
Less: Provisions	<b>74.89</b>	75.67
	<b>462.47</b>	189.76
Advances	<b>98.64</b>	98.64
	<b>561.11</b>	288.40

<b>1.6.1 : EXPENDITURE DURING CONSTRUCTION (Pending allocation)</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Opening Balance	<b>21.07</b>	21.07
Less : Transferred to Fixed Asset	<b>0.78</b>	0.00
Balance carried forward	<b>20.29</b>	21.07

<b>1.7 : INVENTORIES (As taken, valued and certified by the Management)</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Stores & Spares	618.10	553.81
Add: In-transit	3.20	14.33
	621.30	568.14
Less: Provision	17.95	29.79
	<b>603.35</b>	538.35
Raw Materials	1418.38	1032.24
Add: In-transit	5.15	71.24
	1423.53	1103.48
	<b>1423.53</b>	1103.48
	<b>4025.01</b>	2577.56
	<b>6051.89</b>	4219.39

<b>1.8 : SUNDRY DEBTORS (Unsecured)</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Debts over six months	<b>0.00</b>	0.00
Other Debts	<b>2701.25</b>	2229.08
	<b>2701.25</b>	2229.08
Less: Provision for doubtful debts	<b>0.00</b>	0.00
	<b>2701.25</b>	2229.08
<b>Particulars</b>		
Considered good	<b>2701.25</b>	2229.08
Considered doubtful	<b>0.00</b>	0.00
	<b>2701.25</b>	2229.08
Note :		
Due from Steel Authority of India Limited (Holding Company)	<b>2671.32</b>	2229.02

<b>1.9 : CASH &amp; BANK BALANCES</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Cash and Stamps on hand	<b>1.18</b>	0.97
Cheques on hand	<b>18.77</b>	28.83
With Scheduled Banks in :		
Current Account	0.50	343.47
Unpaid Dividend Account	4.62	2.79
Term Deposits *	5965.23	7863.50
Remittances-in-transit	<b>0.00</b>	370.67
	<b>5990.30</b>	8610.23

\* [Deposits of Rs. 2750 lacs (P.Y. Nil) under Bank lien against loans]

<b>1.10 : INTEREST RECEIVABLE/ACCRUED</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Employees	<b>27.74</b>	34.40
Term Deposits	<b>164.23</b>	153.45
Others	<b>0.00</b>	6.62
	<b>191.97</b>	194.47
<b>Particulars</b>		
Secured, considered good	<b>27.74</b>	34.40
Unsecured, considered good	<b>164.23</b>	160.07
Unsecured, considered doubtful	<b>0.00</b>	0.00
	<b>191.97</b>	194.47

<b>1.11 : LOANS &amp; ADVANCES</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
<b>Loans</b>		
Employees	338.66	337.73
[ Secured Rs. 241.23 lacs (P.Y. Rs. 238.95 lacs) ]		
Commodity Loan - Holding Company	3006.45	1160.00
Advances recoverable in cash or in kind or for value to be received :		
Claims recoverable	212.88	64.38
Contractors and suppliers	13.80	43.40
Employees	2.35	42.81
Advance Income Tax and Tax deducted at source	705.66	628.67
Others	263.85	195.35
	1198.54	974.61
Deposits :		
Excise Department, Railways, etc.	6.85	7.78
Others	4.54	4.54
	11.39	12.32
	4555.04	2484.66
Less : Provision for doubtful Loans & Advances *	1.58	21.36
	<b>4553.46</b>	<b>2463.30</b>

\* Provision for Doubtful Loans & Advances is in respect of advance to supplier reflected in the grouping of contractors and suppliers & deposits above.

### Particulars of Loans & Advances

Secured, considered good	241.23	238.95
Unsecured, considered good	4312.23	2224.35
Unsecured, considered doubtful	1.58	21.36
	<b>4555.04</b>	<b>2484.66</b>

<b>1.12 : CURRENT LIABILITIES</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Sundry Creditors	1122.41	1538.70
Advance from Customers	119.53	250.26
Security Deposits	407.58	344.04
Unclaimed Dividend	4.62	2.79
Other Liabilities	2915.27	4656.63
	<b>4569.41</b>	<b>6792.42</b>

## Schedules

(Forming part of Balance Sheet)

<b>1.13 : PROVISIONS</b>	<b>As at 31st March, 2009</b>	As at 31st March, 2008
		(Rupees in lacs)
Gratuity	2194.12	1789.21
Accrued Leave	773.09	618.31
Proposed Dividend	840.00	744.00
Tax on Dividend	142.76	126.44
Voluntary Retirement Scheme	30.16	42.76
Employee Family Benefit Scheme	326.35	268.62
Post Retirement Medical and Settlement Benefits	813.24	565.71
Wage Revision	2440.36	1439.97
Long Service Awards to Employees	4.97	5.35
<b>Total</b>	<b>7565.05</b>	<b>5600.37</b>

<b>1.14 : MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)</b>					
	Balance as at 31st March, 2008	Additions during the year	Total	Amount Charged off during the year	<b>Balance as at 31st March, 2009</b>
					(Rupees in lacs)
<b>Deferred Revenue Expenditure</b>					
- Voluntary Retirement Compensation	13.26	0.00	13.26	13.26	0.00
Total	13.26	0.00	13.26	13.26	0.00
Previous year	49.37	0.00	49.37	36.11	13.26

<b>2.1 : SALES</b>	<b>Year ended 31st March, 2009</b>	Year ended 31st March, 2008
		(Rupees in lacs)
Ferro Alloys - Sales	<b>7203.69</b>	10561.87
Ferro Alloys - Conversion	<b>35302.01</b>	29079.25
	<b>42505.70</b>	<b>39641.12</b>

<b>2.2 : INTEREST EARNED</b>	<b>Year ended 31st March, 2009</b>	Year ended 31st March, 2008
		(Rupees in lacs)
Customers	<b>0.54</b>	0.93
Employees	<b>16.32</b>	13.45
Term Deposits*	<b>834.34</b>	247.28
Others	<b>3.14</b>	6.62
	<b>854.34</b>	<b>268.28</b>

\* Tax deducted at source Rs. 133.99 lacs (P.Y. Rs.48.35 lacs)

<b>2.3 : OTHER REVENUES</b>	<b>Year ended 31st March, 2009</b>	Year ended 31st March, 2008
		(Rupees in lacs)
Social amenities-recoveries	<b>9.86</b>	7.67
Sale of empties etc.	<b>78.70</b>	162.96
Liquidated damages	<b>12.69</b>	4.17
Profit on sale/discard of fixed assets	<b>15.47</b>	0.63
Sundries	<b>743.49</b>	47.91
	<b>860.21</b>	<b>223.34</b>

<b>2.4 : PROVISIONS NO LONGER REQUIRED WRITTEN BACK</b>	<b>Year ended 31st March, 2009</b>	Year ended 31st March, 2008
		(Rupees in lacs)
Stores & Spares	<b>11.84</b>	0.00
Others	<b>34.28</b>	15.70
	<b>46.12</b>	<b>15.70</b>

<b>2.5 : ACCRETION TO (-) /DEPLETION IN STOCK OF FINISHED PRODUCTS</b>	<b>Year ended 31st March, 2009</b>	Year ended 31st March, 2008
		(Rupees in lacs)
Opening Stock	2577.56	4070.78
Less : Closing Stock	4025.01	2577.56
(Accretion) to Stock	(a) (1,447.45)	1,493.22
Less : Excise Duty on accretion(-)/ Depletion to Stock	(b) 18.43	251.11
Net (Accretion) /Depletion to Stock	(a - b) (1,465.88)	1,242.11

2.6 : RAW MATERIAL CONSUMED	Year ended 31st March, 2009		Year ended 31st March, 2008	
	Quantity	Value	Quantity	Value
	Tonnes	Rs./lacs	Tonnes	Rs./lacs
Manganese Ore	46898	8262.38	53848	5016.37
Others		194.63		1326.19
		8457.01		6342.56

<b>2.7 : EMPLOYEES' REMUNERATION &amp; BENEFITS</b>	<b>Year ended 31st March, 2009</b>	<b>Year ended 31st March, 2008</b>
		(Rupees in lacs)
Salaries & Wages	<b>3796.94</b>	3755.68
Company's contribution to provident fund and other funds	<b>255.23</b>	213.97
Travel concession	<b>1.74</b>	301.87
Welfare expenses	<b>550.33</b>	690.79
Gratuity	<b>535.80</b>	541.51
	<b>5140.04</b>	5503.82
Note :		
Expenditure on Employees' Remuneration and Benefits not included above and charged to:	<b>13.26</b>	36.11
Deferred Revenue Expenditure	<b>13.26</b>	36.11

<b>2.8 : POWER &amp; FUEL</b>	<b>Year ended 31st March, 2009</b>	<b>Year ended 31st March, 2008</b>
Purchased Power	<b>13107.83</b>	11277.93
Furnace Oil	<b>66.40</b>	113.36
	<b>13174.23</b>	11391.29

<b>2.9 : REPAIRS AND MAINTENANCE</b>	<b>Year ended 31st March, 2009</b>	<b>Year ended 31st March, 2008</b>
Buildings	<b>86.18</b>	51.24
Plant & Machinery	<b>38.42</b>	52.83
Others	<b>47.69</b>	35.38
	<b>172.29</b>	139.45

<b>2.10 : OTHER EXPENSES</b>	<b>Year ended 31st March, 2009</b>	<b>Year ended 31st March, 2008</b>
		(Rupees in lacs)
Demurrage and Wharfage	<b>1.67</b>	0.89
Directors' Fees	<b>1.30</b>	1.30
Handling expenses		
- Raw Material	<b>199.95</b>	144.61
- Finished Goods	<b>565.48</b>	368.99
	<b>765.43</b>	513.60
Insurance	<b>4.62</b>	8.57
Law charges	<b>0.91</b>	1.45
Loss on sale/scraping of Fixed Assets	<b>1.06</b>	0.14
Postage, Telegram & Telephone	<b>16.17</b>	15.63
Printing & Stationery	<b>5.52</b>	9.03
Rates & Taxes	<b>42.91</b>	92.43
Remuneration to Auditors		
- Audit Fees	<b>1.87</b>	1.93
- Tax Audit Fees	<b>0.51</b>	0.64
- Out of pocket expenses	<b>0.56</b>	0.42
- In other capacities	<b>1.45</b>	1.46
	<b>4.39</b>	4.45
Cost Audit Fees	<b>0.13</b>	0.06
Rent	<b>17.70</b>	22.95
Security expenses	<b>25.80</b>	27.88
Travelling expenses	<b>141.84</b>	157.31
Write Offs		
- Miscellaneous & Deferred Revenue Expenditure	<b>13.26</b>	36.11
- Advance to Suppliers & others.	<b>15.76</b>	14.61
	<b>29.02</b>	50.72
Voluntary Retirement Scheme Expenditure	<b>136.23</b>	0.00
Miscellaneous	<b>180.66</b>	136.79
	<b>1375.36</b>	1044.51

<b>2.11 : INTEREST &amp; FINANCE CHARGES</b>	<b>Year ended 31st March, 2009</b>	<b>Year ended 31st March, 2008</b>
		(Rupees in lacs)
Bank borrowings - working capital	<b>7.90</b>	0.18
Others	<b>0.35</b>	0.93
Finance Charges	<b>17.51</b>	10.14
	<b>25.76</b>	11.25

### SCHEDULE 3 : SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS

#### Part-A : SIGNIFICANT ACCOUNTING POLICIES:

##### 1.1 BASIS OF ACCOUNTING:

The financial statements are prepared under the historical cost convention on accrual basis of accounting, in accordance with the generally accepted accounting principles, Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956 including Accounting Standards notified thereunder.

##### 1.2 USE OF ESTIMATES :

In preparing the financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of financial statements and the amounts of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

##### 1.3 FIXED ASSETS:

Fixed Assets are stated at cost of acquisition less depreciation.

Expenditure on development of land, including lease hold land, is capitalised as part of cost of land.

Cost includes all identifiable expenditure including trial run expenses, net of revenue.

Assets retired from active use are shown separately under fixed assets at lower of net book value and estimated realizable value.

Software which is not an integral part of related hardware, is treated as intangible asset and amortized over a period of five years or its licence period, whichever is less.

##### 1.4 BORROWING COSTS:

Borrowing costs attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. Other borrowing costs are recognised as expense in the period in which these are incurred.

##### 1.5 DEPRECIATION:

Depreciation is provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956.

However, where the historical cost of a depreciable asset undergoes a change, the depreciation on the revised unamortized depreciable amount is provided over the residual useful life of the asset.

Classification of plant and machinery into continuous and non-continuous is made on the basis of technical opinion and depreciation provided accordingly.

Depreciation on addition / deletion during the year is provided on pro-rata basis with reference to the month of addition / deletion.

##### 1.6 INVENTORY:

Raw Materials, Stores & spares and finished/semi-finished products are valued at lower of cost and net realisable value. In case of identified obsolete / surplus/ non-moving items, necessary provision is made and charged to revenue.

Residue products in the nature of coke rejects valued at estimated net realisable value. Other residue products and scrap of various nature are not readily usable / saleable, are recognised on disposal.

The basis of determining cost is:

- |                                   |   |
|-----------------------------------|---|
| Raw materials and Stores & Spares | - Weighted average cost   |
| Materials in-transit              | - At Cost   |
| Finished/Semi-finished Products   | - Material cost plus appropriate share of labour, related overheads and duties. |

##### 1.7 GRANTS:

Grants relating to the acquisition of a specific asset are adjusted against the cost of the concerned asset. Grants relating to the revenue expenditure are adjusted against the related expenses.

##### 1.8 VOLUNTARY RETIREMENT COMPENSATION:

Expenditure on voluntary retirement compensation, is charged off in the year, in which it is incurred.

##### 1.9 FOREIGN CURRENCY TRANSACTIONS:

Monetary assets and liabilities related to foreign currency transactions remaining unsettled are translated at year-end rates.

The difference in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions other than those relating to fixed assets, are recognized in the profit and loss account. In respect of transactions covered by forward exchange contracts, the difference between the contract rate and spot rate on the date of the transaction is recognised in the profit and loss account over the period of contract.

Exchange differences (including arising out of forward exchange contracts) in respect of liabilities relating to fixed assets are adjusted in the carrying amount of such assets.

##### 1.10 EMPLOYEES' BENEFITS:

The provisions/liabilities towards gratuity, accrued leave, long term service awards, post-retirement medical and settlement benefits, future payments to the disabled employees / legal heirs of deceased employees under the Employees' Family Benefit Scheme, are made based on the actuarial valuation as at the end of the year and charged to the profit and loss account along with actuarial gains/losses.

##### 1.11 ADJUSTMENTS PERTAINING TO EARLIER YEARS AND PREPAID EXPENSES:

Income / expenditure relating to prior period and prepaid expenses, which do not exceed Rs.5 Lacs in each case, are treated as income / expenditure of current year.

##### 1.12 REVENUE RECOGNITION:

Sales\* include excise duty, packing charges and are net of rebates. Sales are recognised at the time of despatch of materials to the buyers including the cases where delivery documents are endorsed in favour of the buyers. Marine Export sales are recognized on :

- the issue of bill of lading, or
- negotiation of export bills upon expiry of laycan period, in cases where 'realization of material value without shipment' is provided in the letters of credit of respective contracts, whichever is earlier.

Export incentives under various schemes are recognised as income in the year of actual shipment at estimated realizable value / actual credit earned.

\*Sales include conversion income.

##### 1.13 CLAIMS FOR LIQUIDATED DAMAGES/ PRICE ESCALATION:

Claims for liquidated damages are accounted for as and when these are deducted and / or considered recoverable by the company. These are adjusted to the capital cost or recognised in profit and loss account, as the case may be, on final settlement.

Suppliers'/Contractors' claims for price escalation are accounted for, to the extent such claims are accepted by the company.

##### 1.14 DEFERRED TAX:

The deferred tax on timing differences between book profit and taxable profit for the year is accounted for applying the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is a reasonable certainty that the assets can be realised in future



## Part-B : NOTES ON ACCOUNTS

### 2. CONTINGENT LIABILITIES

Contingent Liabilities not provided for –

	(Rs. in lacs)	
	As at 31st March, 2009	As at 31st March, 2008
i) Claims against the Company pending appellate/ judicial decision :		
i) Excise duty related matter	581.69	585.82
ii) Income Tax matter	127.45	-
iii) Miscellaneous	480.36	454.39
ii) Other claims against the Company not acknowledged as debts:		
i) Excise Duty related matters	185.23	155.79
ii) Others	7.38	5.32
iii) Post dated cheques issued in favour of supplier on behalf of SAIL (Holding Company)	--	8025.30
<b>Total</b>	<b>1,382.11</b>	<b>9,226.62</b>

### 3. PROFIT & LOSS ACCOUNT

**3.1** The long-term agreement for wage revision expired on 31<sup>st</sup> December, 2006. Pending finalisation of fresh agreement w.e.f 1<sup>st</sup> January 2007, provision towards salaries and wages revision of Rs.3113.95 Lakhs (Rs.1369.35 Lakhs being the charge for the current year) cumulatively from 1<sup>st</sup> January, 2007 till date has been provided for on an estimated basis. Against the provision made, ad-hoc adjustable advance amount of Rs. 304.63 Lakhs (Rs. Nil Lakhs paid for the current year) has been paid in earlier year and adjusted in the accounts against provision made. Further, amount of Rs. 368.96 Lacs paid during the current year to the employees, on account of merger of Dearness Allowance with Basic Pay, have been adjusted against the provision made..

**3.2** MEL is under conversion arrangement with SAIL, its holding company, in which major raw materials i.e. Manganese Ore and Coke are provided by SAIL for conversion of the same into Ferro Alloys for which conversion charges are paid by SAIL to MEL on negotiated rate.

**3.3** The total quantity of Ferro Manganese and Silico Manganese produced during the period as well as total quantity despatched under conversion arrangement are as under:

		(In MT)	
		2008-09	2007-08
Production for the Year	Ferro Manganese	<b>68789</b>	64584
	Silico Manganese	<b>35640</b>	37640
Despatch under conversion	Ferro Manganese	<b>61015</b>	59129
	Silico Manganese	<b>29662</b>	32197

**3.4** The Stock of Manganese ore as on 31.03.2009 under conversion account is 37699 MT (Previous Year 28481 MT). Out of the above quantity, the company has consumed 17086 MT (Previous Year 17775 MT) of Manganese Ore for its own production for which liabilities of Rs. 1272.68 Lacs (Previous Year Rs. 3004.23 Lacs) has been provided for.

**3.5** Profit and / or loss on sale of coke rejects is not ascertained separately. The sale proceeds thereof have been adjusted to the raw material accounts.

**3.6** Power & Fuel includes expenditure on purchased power and furnace oil. The other expenditure for generation of power is included under respective primary heads of account.

**3.7** The policy relating to accounting of voluntary retirement compensation, hitherto treated as deferred revenue expenditure and written off, in five years upto 31st March, 2008 and thereafter in equal yearly instalments upto 31st March, 2010 has been changed during

the year, as disclosed in para 3.1.8 in Part A - Significant Accounting Policies. As a result, expenditure on account of Voluntary Retirement Scheme 2009 amounting to Rs. 136.23 lakhs has been charged to profit and loss account in addition to the balance in deferred revenue expenditure as at 31.03.2008 and the same has been disclosed under 'Other Expenses' in Schedule 2.10. Thus the profit for the year is lower by Rs. 68.77 lakhs due to the change in Accounting Policy.

### 4. INVENTORY, SUNDRY DEBTORS, LOANS & ADVANCES AND CURRENT LIABILITIES

**4.1** In accordance with past practice, quantities of inventories of bulk raw materials and finished goods have been taken as per weight-volume-ratio as determined by the Production/Technical Department.

**4.2** Inventory of finished goods at the year end was physically verified and the net shortage quantity of 119 MT (previous year surplus Qty of 356 MT) valuing Rs. 22.56 Lacs (previous year Rs. 146.30 Lacs) has been accounted for.

**4.3** The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro and Small enterprises as at 31<sup>st</sup> March, 2009 are as under.

Sl. No.	Description	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
1.	The principal amount remaining unpaid to supplier as at the end of accounting year	Nil	Nil
2.	The interest due thereon remaining unpaid to supplier as at the end of accounting year	Nil	Nil
3.	The amount of interest paid in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during the year 2008-09	Nil	Nil
4.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
5.	The amount of interest accrued during the year and remaining unpaid at the end of the accounting year	Nil	Nil
6.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowance as a deductible expenditure under section 23	Nil	Nil

**4.4** The Central Board of Direct Taxes vide its Notification dated 25<sup>th</sup> September 2001 revised the rules for computation of certain perquisites. The Employees' Union / Association filed writ petitions with the Hon'ble High Court at Kolkata challenging the above notification. In pursuance of the court's orders, the term deposits (including interest earned thereon) of Rs. 10.79 Lacs have been kept separately with Bank in respect of tax deducted at source on house perquisite, w.e.f. 1<sup>st</sup> April, 2003 and other perquisites w.e.f. 1<sup>st</sup> October, 2001, upto 31<sup>st</sup> March, 2005, pending final decision of the Hon'ble Court. Such deductions and deposits after 31<sup>st</sup> March, 2005, have been made in accordance with amended law / judicial decisions. However, there is no impact on the accounts of the company as the additional tax, if required shall be recoverable from the employees.

**4.5** Estimated amount of contracts remaining to be executed on capital account and not provided for Rs.218.53 Lacs (Previous year Rs. 623.39 Lacs) as at 31.03.2009.

## 5. GENERAL

### 5.1 Employees Benefits

#### 5.1.1 General description of defined benefits schemes :

- Gratuity** - Payable on separation @ 15 days pay for each completed year of service to eligible employees who render continuous service of 5 years or more. Maximum amount is Rs. 3.50 Lacs as per Gratuity Act. Maximum amount of Rs. 10 Lacs has been considered for Actuarial valuation based on the office memorandum issued by Department of Public Enterprises, for revision of scales of pay of employees of Central Public Sector Enterprises.
- Leave Encashment** - Payable on separation to eligible employees who have accumulated earned and half pay leave. Encashment of accumulated earned leave is also allowed upto 30 days once in a financial year.
- Provident Fund** - 12% of Basic Pay Plus Dearness Allowance and Dearness Pay, contributed to the Regional Provident Fund Scheme of Government by the company.
- Post Retirement Medical Benefits** - Available to retired employees at company's hospitals and/or under the health insurance policy.
- Post Retirement Settlement Benefits** - Payable to retiring employees for settlement at their home town.
- Employees' Family - Benefit Scheme** - Monthly payments to disabled separated employees/legal heirs of deceased employees in lieu of prescribed deposit till the notional date of superannuation.
- Long Term Service Award** - Payable in kind on rendering minimum 25 years of service and also on superannuation.

#### 5.1.2 Other disclosures, as required under Accounting Standard (AS) – 15 (revised) on 'Employee Benefits', in respect of defined benefit obligations are :

##### (a) Reconciliation of present value of defined benefit obligations :

(Rs. in lacs)							
Sl. No.	Particulars	Gratuity	Leave Encashment Benefits	Post Retirement Medical Benefits	Post Retirement Settlement Scheme	Long Term Service Award	Employees' Family Benefit
i)	Present value of projected benefit obligations, As at 1st April, 2008	1789.21*	618.31	554.04	11.67	5.35	268.62
ii)	Service Cost	81.28	8.50	20.76	1.58	0	0
iii)	Interest Cost	138.66	49.24	44.33	0.92	0.40	21.78
iv)	Actuarial gains(-) / losses(+)	315.86	217.39	187.55	0.50	(0.33)	98.80
v)	Past Service Cost	0	0	0	0	0	0
vi)	Benefits paid	130.89	120.35	6.30	1.81	0.31	62.85
vii)	Present value of projected benefit obligations as on 31 <sup>st</sup> March, 2009 (i+ii+iii+iv-v-vi)	2194.12	773.09	800.38	12.86	4.97	326.35

\* Impact of wage revision on gratuity amounting to Rs. 492.27 lakhs included under gratuity in previous year has been regrouped / shown with the figure of wage revision for the current year.

**(b) Provident fund:** Company's contribution paid/payable during the year to provident fund are recognised in the Profit & Loss Account. The Company does not anticipate any further obligations in the near foreseeable future.

##### (c) Expenses recognised in the statement of Profit & Loss Account for the year ended 31<sup>st</sup> March, 2009 :

(Rs. in lacs)							
Sl. No.	Particulars	Gratuity	Leave Encashment	Post Retirement Medical Benefits	Post Retirement Settlement Benefit	Long Term Service Award	Employees' Family Benefit Scheme
i)	Service Cost	81.28	8.50	20.76	1.58	0	0
ii)	Interest Cost	138.66	49.24	44.33	0.92	0.40	21.78
iii)	Actuarial gains (-)/losses	315.86	217.39	187.55	0.50	(0.33)	98.80
iv)	Past Service Cost	0	0	0	0	0	0
v)		0	0	0	0	0	0
vi)	Total (i+ii+iii+iv-v)	535.80	275.13	252.64	3.00	0.07	120.58
	- Amount charged to Employees Remuneration and Benefits						
	a) Charged to P & L Account (Schedule 2.7)	535.80	275.13	252.64	0	0.07	120.58
	b) Charged to Expenditure during construction	0	0	0	0	0	0
	- Charged to Other expenses (Schedule 2.10)	0	0	0	3.00	0	0

## (d) Actuarial Assumptions

Sl. No.	Description	As at 31st March, 2009	As at 1st April, 2008
i)	Discount Rate (per annum)	7.5%	8%
ii)	Mortality Rate	Indian assured lives mortality (1994-96) (modified) Ultimate	Indian assured lives mortality (1994-96) (modified) Ultimate
iii)	Withdrawal Rates (per annum)	Executives & Non-executives- 0.10% to 0.50% depending upon age	Executives & Non-executives- 0.50% for all age
iv)	Medical cost trend rates (per annum)	Nil for Medi-claim premium	Nil for Medi-claim premium
v)	The estimate of future salary increases considered in actuarial valuation, takes into account other relevant factors		inflation rate, seniority, promotion and

5.2 The requirement under Accounting Standard – 17 relating to “Segment Reporting” is not applicable since the company is having line of products which are subject to same risks and returns and operating in economic environment subject to same risk & returns. Further, since the whole of India has been considered as one geographical segment and exports as other segment, the requirement on segment reporting does not exist, in the absence of any export during the year.

5.3 As per Accounting Standard 18 relating to “Related party disclosures”, the names of the related parties are given below:

Nature of relationship	Name	Nature of Transaction	Amount (Rs. in Lacs)
Key Management Personnel	Shri Debidas Pal	Managerial Remuneration	29.89

5.4 In accordance with AS-22 on “Accounting for taxes on income” issued by the Institute of Chartered Accountants of India, net deferred tax assets as on 31<sup>st</sup> March, 2009, has been accounted for, as detailed below:

	(Rs. in lacs)	
	As at 31 <sup>st</sup> March, 2009	As at 31 <sup>st</sup> March, 2008
<b>Deferred Tax Liabilities</b>		
Difference between book and tax depreciation	408.10	354.78
<b>Sub-Total</b>	<b>408.10</b>	<b>354.78</b>
<b>Deferred Tax Assets</b>		
Others	2118.61	1717.69
<b>Sub-Total</b>	<b>2118.61</b>	<b>1717.69</b>
<b>Net Deferred Tax Assets</b>	<b>1710.51</b>	<b>1362.91</b>

5.5 In compliance with AS-28 relating to “Impairment of Assets”, the company reviews the carrying amount of its fixed assets by grouping assets of entire plant as Cash Generating Unit (CGU). There was no indication of impairment during the year.

5.6 The company has not remitted any amount in foreign currency on account of interim/final dividend during the year.

5.7 Sundries under Other Revenue includes amount of Rs. 709.79 (Previous Year Rs. Nil) received from Maharashtra State Electricity

## 6.1(b) OPENING STOCK, SALES AND CLOSING STOCK

	(Qty. in MT, Value in Rs. in lacs)					
	Opening Stock		Sales/Adjustment		Closing Stock	
	Qty.	Value	Qty.	Value	Qty.	Value
High Carbon Ferro Manganese	2,416	1,177.61	64,141	22,795.30	6,383	2,748.04
	(6,003)	(1,786.23)	(67,633)	(21,343.45)	(2,416)	(1,177.61)
Silico Manganese	2,775	1,255.43	34,373	17,415.09	2,693	1,056.01
	(6,462)	(2,169.55)	(39,723)	(16,449.93)	(2,775)	(1,255.43)
Medium / Low Carbon Ferro Manganese	187	144.52	1,464	2,037.53	269	220.95
	(273)	(115.00)	(1,791)	(1,662.59)	(187)	(144.52)
<b>SUB-TOTAL</b>	<b>5,378</b>	<b>2,577.56</b>	<b>99,977</b>	<b>42,247.91</b>	<b>9,345</b>	<b>4,025.01</b>
	<b>(12,738)</b>	<b>(4,070.78)</b>	<b>(109,147)</b>	<b>(39,455.97)</b>	<b>(5,378)</b>	<b>(2,577.56)</b>
Others				257.79		
				(185.15)		
<b>TOTAL</b>	<b>5,378</b>	<b>2,577.56</b>	<b>99,977</b>	<b>42,505.70</b>	<b>9,345</b>	<b>4,025.01</b>
	<b>(12,738)</b>	<b>(4,070.78)</b>	<b>(109,147)</b>	<b>(39,641.12)</b>	<b>(5,378)</b>	<b>(2,577.56)</b>

5.8 Distribution Company Ltd (MSEDCL) as per MERC order, which was collected from consumers of electricity by erstwhile MSEB on reorganization.

5.8 Balances shown under creditors, claims recoverable, and advances are subject to confirmation/reconciliation and consequential adjustment, if any. Provisions, wherever considered necessary have been made.

5.9 Previous years' figures have been re-arranged / regrouped wherever necessary.

## 6.1(a) LICENSED, INSTALLED CAPACITY AND PRODUCTION:

	*Licensed Capacity (Tonnes)	**Installed Capacity (Tonnes)	#Production (Tonnes)
	(Annual Capacity)		
High Carbon			68,789
Ferro Manganese	100,000	100,00	(64,584)
Silico Manganese	(100,000)	(100,000)	35,640
Medium / Low Carbon			1,763
Ferro Manganese			(1,941)

\* Re-endorsed capacity

\*\* As certified by Management and not verified by auditors, being a technical matter.

# Including jiggged Ferro/Silico Manganese & adjustment relating to excess/ shortage on account of physical verification.

## 6.1(c) FERRO ALLOYS QUANTITATIVE RECONCILIATION :

	Ferro Manganese (MT)	Silico Manganese (MT)	Medium / Low Carbon Ferro Manganese (MT)
Opening Stock	2,416	2,775	187
	(6,003)	(6,462)	(273)
Production	68,789	35,640	1,763
	(64,584)	(37,640)	(1,941)
<b>TOTAL</b>	<b>71205</b>	<b>38415</b>	<b>1950</b>
	<b>(70,587)</b>	<b>(44,102)</b>	<b>(2,214)</b>
Sales/Adjustments	64,141	34,373	1,464
	(67,633)	(39,723)	(1,791)
Internal Consumption	681	1,349	217
	(538)	(1,604)	(234)
Closing Stock	6,383	2,693	269
	(2,416)	(2,775)	(187)
<b>TOTAL</b>	<b>71,205</b>	<b>38,415</b>	<b>1,950</b>
	<b>(70,587)</b>	<b>(44,102)</b>	<b>(2,214)</b>

I) Sales of High Carbon Ferro Manganese and Silico Manganese include despatches under conversion.

## 7. EXPENDITURE IN FOREIGN CURRENCIES:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
i) Travelling Expenses	1.62	0.00
ii) Others	0.00	0.88
	<b>1.62</b>	<b>0.88</b>

Signature to Schedule 1 to 3

As per our report of even date

**For Mukund M. Chitale & Co.**  
Chartered Accountants  
Sd/-  
**(A.V. Kamat)**  
Partner  
M.No. 39585

Place : New Delhi  
Date : 27<sup>th</sup> May, 2009

## 8. EARNING IN FOREIGN CURRENCIES:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Export of goods on FOB basis	Nil	Nil

## 9. VALUE OF IMPORTS CALCULATED ON CIF BASIS:

	Current Year (Rs. in lacs)	Previous Year (Rs. in lacs)
Stores & Spares	0.00	0.00

## 10. VALUE OF RAW MATERIAL CONSUMED:

	Current Year Value (Rs. in lacs)	%	Previous Year Value (Rs. in lacs)	%
Imported	0.00	0.00	0.00	0.00
Indigenous	8,457.01	100.00	6,342.56	100.00
<b>TOTAL</b>	<b>8,457.01</b>	<b>100.00</b>	<b>6,342.56</b>	<b>100.00</b>

## 11. VALUE OF STORES & SPARES CONSUMED:

	Current Year Value (Rs. in lacs)	%	Previous Year Value (Rs. in lacs)	%
Imported	31.41	3.63	12.03	1.70
Indigenous	833.28	96.37	694.30	98.30
<b>TOTAL</b>	<b>864.69</b>	<b>100.00</b>	<b>706.33</b>	<b>100.00</b>

For and on behalf of Board of Directors

Sd/-  
**(R. Ashokkumarr)**  
Company Secretary

Sd/-  
**(Mahesh Chandra)**  
General Manager (F&A)

Sd/-  
**(Debidas Pal)**  
Executive Director

Sd/-  
**(P.K. Bajaj)**  
Director

Sd/-  
**(R. Ramaraju)**  
Chairman

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No.  of 1974-75 State Code

Balance Sheet Date     
Date Month Year

### II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue

Right Issue

Bonus Issue

Private Placement

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

Total Assets

**Source of Funds**

Paid-up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

**Application of Funds**

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover/Other Income

Total Expenditure

Profit Before Tax

Profit After Tax

Earning per share in Rs.

Dividend Rate %

### V. Generic Name of Three Principal Products / Services of Company (as per Monetary Terms)

Item Code No. (ITC Code)

Product Description

For and on behalf of Board of Directors

Sd/-  
(R. Ashokkumarr)  
Company Secretary

Sd/-  
(Mahesh Chandra)  
General Manager (F&A)

Sd/-  
(Debidas Pal)  
Executive Director

Sd/-  
(P.K. Bajaj)  
Director

Sd/-  
(R. Ramaraju)  
Chairman

Place : New Delhi  
Date : 27<sup>th</sup> May, 2009

## ANNEXURE - I

### PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

#### CONSERVATION OF ENERGY

Major areas of energy conservation include:

- Optimization of electric power cost.
- On representation before Regulatory Authority on additional parameters, load factor incentive was retained and RLC refund was obtained.
- Trial wheeling of Inter-State power from DSP, Durgapur, was completed from 22nd to 31st March, 2009 to establish an alternate route for economical power sources other than State Electricity Board.
- Gainful utilisation of waste gas of submerged arc furnaces for generation of power through 4.2 MW gas based Power Plant.
- Conservation of water by re-circulation after effluent treatment.
- Improvement in furnace performance and reduction in power consumption.
- Maintain unity power factor for improving utilization of electrical energy.
- Statistical Process Control for control of critical elements in Ferro alloys.
- Gainful utilization of waste water for mechanized jigging.
- Conducted Energy Audit on SAFs & Auxiliaries through Accredited Energy Auditors M/s. Petroleum Conservation Research Association, Mumbai, according to Energy Conservation Act, 2001.

## ANNEXURE - II

FORM 'A'						
CONSERVATION OF ENERGY						
POWER & FUEL CONSUMPTION			2008-2009		2007-2008	
ELECTRICITY						
1.	PURCHASED					
	Unit	Million/kwh		314.42		313.74
	Total Amount	Rs./Lacs		13079.02		11252.42
	Rate	Rs./kwh		4.16		3.58
2.	OWN GENERATION	Million/kwh (Gross)		21.77		16.77
3.	COAL			NIL		NIL
4.	FURNACE OIL					
	Unit	KL		228.67		492.20
	Total Amount	Rs./Lacs		66.40		113.36
	Rate	Rs./KL		29038.67		23031.28
CONSUMPTION PER UNIT OF PRODUCTION						
Product		Electricity (Kwh/Tonne)		Furnace Oil (KL)		Coal (Tonne)
	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
Ferro Manganese	2630	2585	--	--	--	-
Silico Manganese	3870	3946	--	--	--	-
Medium Carbon	1150	1194	--	--	--	-

## ANNEXURE - III

### FORM 'B' RESEARCH & DEVELOPMENT (R&D)

#### 1. SPECIFIC AREA IN WHICH R&D CARRIED OUT BY THE COMPANY.

- Use of Si MnO Slag in Coal Mines to replace sand in stowing.

#### 2. BENEFITS DERIVED AS A RESULT OF ABOVE R & D.

- Use of Si MnO Slag in Coal Mines paves way for disposal of Si MnO Slag and conserves sand which is a depleting natural resource.

#### 3. FUTURE PLAN OF ACTION

- To achieve the objectives of the Corporate Plan 2012, studies were carried out for developing infrastructure facilities & equipment for implementing layer casting of Ferro Alloys.
- Mechanization of product handling/breaking in order to improve the labour productivity and yield.
- Installation of 67.5 x 2 MW Power Plant by NSPCL.
- Installation of one number 45 MVA Submerged Arc Furnace for production of Ferro Alloys.
- To reduce power cost, wheeling of power from BSP, Bhilai and DSP, Durgapur.
- Reduce the cost of production of Ferro Alloys by:
  - a) Partial replacement of charcoal by coal.
  - b) Use of Manganese Ore from Gua Mines of Steel Authority of India Limited.
  - c) Use of LGHS Sinter for SiMn production.
- To acquire Manganese Ore Mines on Lease.
- Electrification of MEL Railway Sidings.

#### 4. EXPENDITURE ON R&D

Research work is undertaken in house as such no specific expenses on R&D are apportionable.

#### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Utilisation of iron ore fines for production of iron ore sinter and subsequent usage in SAF-II for SiMn production.
- Maintain unity power factor and load factor above 80% by optimizing utilization of power.

### FORM 'C' FOREIGN EXCHANGE EARNINGS & OUTGO

EARNINGS	:	Rs./Lacs
OUTGO	:	NIL
		1.62



(a) **COMPANY'S PHILOSOPHY**

The philosophy of the Company in relation to corporate governance is to ensure transparency, disclosures and reporting that conforms fully with laws, regulations and guidelines, and to promote ethical conduct throughout the organization, with the primary objective of enhancing shareholders value while being a responsible corporate citizen. The Company is committed to conforming to the highest standards of corporate governance in the country. It recognizes that the Board is accountable to all shareholders and that each member of the Board owes his first duty to protecting and furthering the interest of the Company.

(b) **BOARD OF DIRECTORS**

The Board of Directors at present comprises of Non-Executive Chairman and three Non-Executive Directors (Non-ED). During the year, eight Board Meetings were held on 15/5/2008, 24/5/2008, 21/7/2008, 22/8/2008, 23/10/2008, 2/12/2008, 31/1/2009 and 28/3/2009.

The composition of directors and their attendance at Board Meetings during the year and at the last Annual General Meeting as also number of other directorships are as follows :

Name of the Director	Category of Directorship	Board Meetings Attended (Nos.)	Attendance at last AGM	No. of other Directorship held as on 31/3/2009
Shri R. Ramaraju Non-ED	Part-time Chairman (w.e.f. 15/5/08)	8	Yes	4
Shri S.D.M. Nagpal	Independent Director Non-ED	8	Yes	--
Shri S.K. Jain	(upto 30/06/08) Independent Director	1	--	--
Shri A. K. Nigote	(upto 30/06/08) Independent Director	2	--	--
Shri S.A. Rode	(upto 30/06/08) Independent Director	2	--	4
Shri P.K.Bajaj	(w.e.f. 10/07/08) Non-ED	3	--	2
	(w.e.f. 21/07/08)			

Details of existing Directors in terms of Clause 49 of Listing Agreement.

Name of the Director	Mr. R. Ramaraju	Mr. P.K. Bajaj	Mr. S.A Rode	Mr. S.D.M. Nagpal
Date of Birth	4.3.1950	5.4.1952	27.12.1951	2.2.1942
Date of Appointment	15.5.2008	21.07.2008	10.07.2008	Appointed in the 32nd AGM held on 31st Aug., 2005
Expertise in Specific functional areas	Technocrat & expert in Steel Industry - Management, Production, Operations, Projects, B.E. (Elect.)	Technocrat & expert in Steel Industry - Management, Production, Operations, Marketing, B.E. Hon. (Metallurgy).	Technocrat, Administration, Development, Programme, Management.	Finance, Corporate Accounting, Audit, Project Finance, Cost & Budgeting, Taxes
Qualifications	200 Equity Shares in SAIL	200 Equity Shares in SAIL	M. Tech.	M.A. (Eco.), ICWA
Share Holding	200 Equity Shares in SAIL	200 Equity Shares in SAIL	-	200 Equity-Shares in SAIL
List of Companies in which outside Directorship is held	M.D. Bhilai Steel Plant, SAIL.	Executive Director (Operations) SAIL.	M.D. Development Corpn. Of Vidarbha Nagpur	i) Metal Junction Services Ltd. ii) NTPC-SAIL Power Pvt. Ltd.
	Director Hindustan Steel Works Construction Ltd.	Director i) Bokaro Power Supply Co. Pvt. Ltd. ii) S&T Mining Co. Pvt. Ltd.	Director i) Gondwana Paints & Minerals Ltd., Nagpur. ii) Vidarbha Quality Seeds Ltd. iii) Vidarbha Tanneries Ltd.	

Chairman/ Member of the Committees of the Board of the Companies/ Institute	1. Chairman, Bhilai Jaypee Cement Ltd.
	2. Chairman SAIL -MOIL Ferro Alloys Pvt.Ltd.
	3. Member, National Institute of Foundry & Forge Technology
	4. Council Member, Indian Institute of Metals.
	5. Member The Institution of Engg. (India) Ltd.

(c) **AUDIT COMMITTEE**

(1) **Terms of Reference**

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its overseeing responsibilities by reviewing the financial reports; the Company's systems of internal controls regarding finance, accounting and legal compliance that management and the Board have established; and the Company's auditing, accounting and financial reporting process generally.

The Audit Committee reviews reports of the Internal Auditors, meets Statutory Auditors and discusses their findings, suggestions and other related matters and reviews major accounting policies followed by the Company. The Audit Committee reviews with management, the quarterly and annual financial statements before their submission to the Board.

The minutes of the Audit Committee meetings are circulated to the Board, discussed and taken note of.

(2) **COMPOSITION**

The Audit Committee of the Board was formed in January, 2001. The reconstituted Audit Committee consists of three Non-Executive Directors viz. Shri S.D.M. Nagpal, Shri S.A. Rode and Shri P.K. Bajaj. During the last year, the committee met five times and attendance of the Members at the Meetings was as follows:

Name of the Director	Status	No. of Meetings attended
Shri S.D.M. Nagpal (Independent Director)	Chairman	5
Shri S.K. Jain Non-ED (upto 30/6/08)	Member	1
Shri A.K.Nigote (Independent Director) (upto 30/6/08)	Member	2
Shri S.A. Rode (Independent Director) (w.e.f. 10/7/08)	Member	2
Shri P.K. Bajaj Non-ED (w.e.f. 21/7/08)	Member	2

(d) **NOMINATION & COMPENSATION COMMITTEE**

(i) Being a Government Company, the nomination and fixation of terms and conditions for appointment as Director is made by Government of India. As such, the Nomination and Compensation Committee has not been constituted.

(ii) The Non-executive (Independent) Director was paid only sitting fee of Rs.10,000/- for each Board/Board Sub-Committee Meetings attended by him.

(iii) The details of sitting fee paid to the Non-Executive (Independent) Director during the year is given below:

Name of the Director	No. of Board Meeting attended	Sitting Fee for each meeting (Rs.)	No. of Audit Committee Meeting attended	Sitting Fee for each meeting (Rs.)	Total (Rs.)
Shri S.D.M.Nagpal	8	10,000/-	5	10,000/-	1,30,000/-
Total		80,000/-		50,000/-	

(e) **SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE**

(i) A Shareholders/Investors Grievance Committee is constituted under the Chairmanship of a Non-Executive Director. The committee consists of Shri P.K. Bajaj and Shri S.A. Rode to look into the redressal of shareholders and investors complaints like non-transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

(ii) Name of compliance officer : Shri R. Ashokkumarr, Secretary.

(iii) Number of shareholder complaints received during the period from 1st April, 2008 to 31st March, 2009 : NIL

(f) **GENERAL BODY MEETINGS**

Financial year	Date	Time	Location
2007-2008	22/08/2007	12.00 noon	"Nirmal" 10th floor, Nariman Point, Mumbai-400 021.
2006-2007	24/08/2007	12.00 noon	"Nirmal" 10th floor, Nariman Point, Mumbai-400 021.
2005-2006	25/08/2006	12.00 noon	"Nirmal" 10th floor, Nariman Point, Mumbai-400 021.

In the last three years, no Special Resolution has been passed in the AGMs and none through Postal Ballot.

No Special Resolution is proposed to be conducted through Postal Ballot upto the ensuing AGM.

(g) **DISCLOSURES**

There were no transactions by the Company of material nature with promoters, the Directors or the Management, their Subsidiaries or relatives etc. that may have potential conflict with the interests of company at large. The Non-Executive Directors had no pecuniary relationships or transactions viz-a-viz the company during the year. None of the Non-Executive Directors held any share/convertible instrument of the Company.

There were no instances 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.

The Company has not adopted Whistle Blower Policy. However, the Company has not denied access to any personnel to approach the Management on any issues.

The Company has fully complied with the mandatory requirements of Clause 49 of the Listing Agreement of the Stock Exchange and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Govt. of India. Further, the Company has not adopted non-mandatory requirement of the said Clause 49.

(h) **MEANS OF COMMUNICATION**

Quarterly results are published in the Newspapers as per the requirements on the following dates:

Quarter ending	30/06/2008	30/09/2008	31/12/2008
Date of publication	23/07/2008	24/10/2008	01/02/2009

There is no website of the Company.

The Management Discussion & Analysis Report forms part of the annual report.

(i) **GENERAL SHAREHOLDERS INFORMATION**

(i) Annual General Meeting is proposed to be held on 12 th August, 2009 at 12.00 noon at SAIL CMO Conference Hall, 8th floor, The Metropolitan, Bandra Kurla Complex, Bandra, Mumbai – 400 051.

(ii) Financial Year: 1st April, 2008 – 31st March, 2009.

(iii) Date of Book Closure: 10th July, 2009 to 15th July, 2009.

(iv) The Board of Directors of the Company has recommended payment of dividend @ Rs.3.50 per share on the paid up capital of the Company for the financial year ended 31st March, 2009, subject to approval of the Shareholders.

(v) The shares of the Company are listed at the following stock exchange: M/s. Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.

The Annual Listing Fee has been paid for 2008-09 to the Stock Exchange.

(vi) Stock code : 4824

(vii) Market price data: High/Low quotes of the Company's shares during each

month in the last financial year with the Bombay Stock Exchange Limited as indicated below :

Month & Year	MEL at BSE	
	HIGH	LOW
April, 2008	574.00	424.10
May, 2008	796.30	469.35
June, 2008	644.30	511.75
July, 2008	522.00	326.75
August, 2008	604.70	390.00
September, 2008	566.50	351.55
October, 2008	354.00	257.30
November, 2008	270.20	153.00
December, 2008	213.80	155.85
January, 2009	272.65	224.40
February, 2009	231.60	231.60
March, 2009	223.95	174.10
ii) Registrar and Transfer Agent	M/s. MCS Limited, Kashi Ram Jamna Das Building, Office No. 21/22, Ground Floor, 5, D. Mello Road (GHADIYAL GODI) Masjid, Mumbai-400 009	

**Scrip Code:**

Category Code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in demate-rialised form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
(A)	Shareholding of Promoter and Promoter Group Holding Company					
(1)	Indian					
(a)	Individuals/ Hindu Undivided Family					
(b)	Central Government/ State Government(s)					
(c)	Bodies Corporate	9	23787935	-	99.12	
(d)	Financial Institutions/ Banks					
(e)	Any Other (specify)					
	Directors & their Relatives					
	Societies					
	Partnership Firms					
	Reserve Bank of India					
	Employees Welfare Fund					
	ESOP / ESOS					
	Trusts					
	Sub-Total (A)(1)	9	23787935	-	99.12	
(2)	Foreign					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)					
(b)	Bodies Corporate					
(c)	Institutions					
(d)	Any Other (specify)					
	Directors & their Relatives					
	Societies					
	Partnership Firms					
	Employees Welfare Fund					
	Trusts					
	ESOP / ESOS					
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	9	23787935	-	99.12	
(B)	Public shareholding					
(1)	Institutions					
(a)	Mutual Funds/UTI					

(b)	Financial Institutions/ Banks	2	300	-	-	
(c)	Central Govt./ State Govt.(s)					
(d)	Venture Capital Funds					
(e)	Insurance Companies					
(f)	Foreign Institutional Investors					
(g)	Foreign Venture Capital Investors					
(h)	Any Other (specify)					
	Foreign Financial Institutions					
	Foreign Mutual Fund					
	Foreign Financial Institutions/Banks					
	Stressed Assets Stabilization Fund					
	State Finance Corporation					
	Sub-Total (B)(1)	2	300	-	-	
(2)	Non-Institutions					
(a)	Bodies Corporate	41	16301	6251	0.07	
(b)	Individuals i) Individual shareholders holding nominal share capital up to Rs.1 lacs. ii) Individual shareholders holding nominal share capital in excess of Rs.1 lacs.	2140	192714	56107	0.81	
(c)	Any Other (specify)					
	Trusts					
	Directors & their Relatives					
	Foreign Nationals					
	Escrow Account					
	Market Maker					
	Non Resident Indians	50	500	-	-	
	Overseas Corporate Bodies					
	Societies					
	Clearing Members					
	Share in transit					
	Hindu Undivided Families	14	2250	-	-	
	NRIs / OCBs					
	Foreign Corporate Bodies					
	Partnership Firm					
	Custodian of Enemy Property					
	Foreign Collaborators					
	ESOP / ESOS / ESPS					
	Sub-Total (B)(2)	2245	211765	62358	0.88	
(C)	Total Public Shareholding (B)=(B)(1)+(B)(2)	2247	212065	62358	0.88	
	TOTAL (A)+(B)	2247	24000000	62358	100	100
	Shares held by Custodians and against which Depository Receipts have been issued					
	GRAND TOTAL (A)+(B)(C)	2256	24000000	62358	100	100

(I)(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"				
Sl. No.	Name of the Shareholder	Number of shares	Shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)	
1.	Holding Company-SAIL	23787935	99.12	
2.				
	TOTAL	23787935	99.12	
(I)(c) Statement showing Shareholding of persons belonging to the category "Public" and holding more than 1% of the total number of shares.				
Sl. No.	Name of the Shareholder	Number of shares	Shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)	
1.				
2.				
	TOTAL	NIL	NIL	
(I)(d) Statement showing details of locked in shares.				
Sl. No.	Name of the Shareholder	Number of Locked in Share	Locked in Shares as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)	
1.	Holding Company-SAIL	23787935	99.12	
2.				
	TOTAL	23787935	99.12	
(II)(a) Statement showing details of Depository Receipts (DRs)				
Sl. No.	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of outstanding DRs	Number of shares underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)
1.				
2.				
	TOTAL	NIL	NIL	NIL
(II)(b) Statement showing Holding of Depository Receipts (DRs), where underlying shares are in excess of 1% of the total number of shares.				
Sl. No.	Name of the DR Holder	Type of outstanding DR (ADRs, GDRs, SDRs, etc.)	Number of shares of underlying outstanding DRs	Shares underlying outstanding DRs as a percentage of total number of shares (i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above)
1.				
2.				
	TOTAL	NIL	NIL	NIL
(ix) Share transfer system				
The Board has delegated powers to the Executive Director for transfer of shares. The shares lodged for transfer are despatched back well within the time limit prescribed in this respect under the listing agreement.				
(x) Distribution of Shareholdings as on 31st March, 2009 :				
Share Holding	Shareholder's Number	% of Total	Amount in Rupees	% of Total
(1)	(2)	(3)	(4)	(5)
Upto 500	2269	98.6093	1800650	0.7503
501 – 1000	16	0.6953	137500	0.0573
1001 – 2000	6	0.2608	82500	0.0344
2001 – 3000	1	0.0435	63500	0.0265
3001 – 4000	1	0.0435	100000	0.0417
4001 – 5000	1	0.0435	6498600	2.7078
5001 – 10000	1	0.0435	6822720	2.8428
10001 – 50000	1	0.0435	7562860	3.1512
50001 – 100000	1	0.0435	8930170	3.7209
Above 100000	4	0.1738	208001400	86.6673
Total	2301	100	240000000	100
(xi) Shareholding pattern as on 31st March, 2009 :				
Category	No. of Shares held	%age of Shareholding		
A. Promoters' Holding				
1 Promoters				
- Indian Promoters viz. SAIL Holding Company	23787935	99.1164		
- Foreign Promoters	--	--		
2 Persons acting in Concert				
Sub-Total	23787935	99.1164		
B. Non-Promoters' Holding				
3 Institutional Investors	--	--		
a Mutual Funds and UTI	--	--		
b Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-Govt. Institutional)	300	0.0012		
			c Foreign Institutional Investors (FIIs)	--
			Sub-Total	300
			4 Others	--
			a Private Corporate Bodies	18261
			b Indian Public	192854
			c NRIs/OCBs	650
			d Any other (Please specify)- GDR	--
			Sub-Total	211765
			GRAND TOTAL	24000000
				100
(xii) Status of dematerialization as on 31st March, 2009.				
Particulars		No. of Shares	%age of Capital	No. of Accounts
NSDL		42363	0.1765	346
CDSL		30001	0.1250	279
Total Dematerialized		72364	0.3015	625
Physical – SAIL		23787935	99.1164	9
Physical – Other		139701	0.5621	1667
Shareholders				
Total		24000000	100	2301
(xiii) Dematerialization of shares : Shares are dematerialised. Tradable stock is and liquidity as on 31/3/2009. 0.88% only. Thus liquidity is negligible.				
(xiv) CODE OF CONDUCT				
The Company has in place a Code of Conduct applicable to the Board Members as well as the Senior Management. All the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct, as on 31st March, 2009.				
(xv) The Company's Plant is located at Mul Road, Chandrapur – 442 401.				
(xvi) Address for correspondence from shareholders for queries/complaints, if any: M/s. Maharashtra Elektrosmelt Limited Chanda-Mul Road, Chandrapur-442 401. Fax No. 07172-255812 Phone No. 07172-253693				
(xvii) E-mail ID of the grievance redressal division/Compliance Officer, MEL, for registering complaints by the investors. E-MAIL ID – "mcspanvel@yahoo.co.in".				



# Management Discussion & Analysis Report (MDAR)

The Management of Maharashtra Elektrosmet Limited presents its analysis report covering performance and outlook of the Company.

## INDUSTRY STRUCTURE & DEVELOPMENT General Economic Environment

The upward trend in demand for Iron and Steel products has not been reached its momentum in the financial year 2008-09 due to unprecedented Global economic slow down and financial crisis during the second half. The worsening financial environment reached a climax in September, 2008, with the sudden collapse of several major Financial Institutions in the United States, raising fears that escalating financial pressures could pose a systematic risk to the International Financial System. Global output slowed down to 3.4 percent in 2008 from a peak growth of 5.2 percent in 2007.

The Indian economy, which was on robust growth path upto 2007-08, averaging at 8.9 percent during the period 2003-04 to 2007-08, could not escape the global slowdown in 2008-09, with the deceleration turning out to be somewhat sharper in the third quarter. While the growth deceleration was primarily driven by the global economic crisis, it is also reflected to some extent the slowdown associated with cyclical factors. Industrial growth experienced a significant downturn and the loss of growth momentum was evident in all categories viz. the basic, capital, intermediate and consumer goods. As per the latest forecast of RBI, GDP Growth for 2008-09 is 6.5%. The Steel production declined in all the major steel producing countries and regions including the EU, North America, South America, etc. However, Asia and the Middle East showed a positive growth in 2008. Asia produced 770 million tones of crude steel, 58% of world steel production at 1.9% growth over the last year.

As per provisional estimates of JPC India produced 53.5 million tonnes of finished steel in fiscal 2008-09, a growth of 0.4% over previous year's production. The apparent domestic consumption of finished mild steel during the year 2008-09 was 48.7 million tonnes as compared to 49.4 million tonnes during the previous year, a decline of 1.5%. India ranks 5th largest steel producer globally, and is set to emerge as the second highest producer and consumer of steel in the world by 2015. Since ferro alloys are exclusively utilized as raw materials in steel making, the growth in ferro alloy consumption is directly related to the growth in steel consumption.

### Demand for ferro alloys in India

The demand for ferro alloys largely depends on the production of steel in the country and export potential. With the present production level of 55 million tonnes of crude steel in the country, the demand of manganese based ferro alloys hovers around 8,50,000 tonnes. The production of manganese based ferro alloys was, however, more to meet the requirement of export market also.

The steel industry in Asian region is poised for growth in immediate future and the trend may continue for some more years. The impacts of the current global financial crisis on India shows that our economy is not decoupled from the mature market economies of the West. However, the Indian Steel Industry is poised for a massive growth in production capacity to cater to the growing transportation, infrastructure, capital goods and consumer goods sector in the country. Thus, assuming that India's steel production capacity will grow at much higher rate than indicated in the National Steel Policy, the growth potential for manganese based ferro alloys is expected to be high.

### Capacity for ferro alloys production

As on date, there exists over capacity in the ferro alloys production. With the gradual increase in requirement of ferro alloys in the domestic market as well as export market, the industry is likely to operate at its rated capacity utilization level only if no raw material constraints are faced.

### Exports

Due to boom in the steel sector during 2007-08 and first half of 2008-09, ferro alloys were being regularly exported. During 2007-08, there was export of about 110,000 tonnes of HC FeMn and 263,000 tonnes of SiMn from India.

### Position of MEL

MEL continues to be one of the largest producers of manganese based ferro alloys in the country with about 15% share in the domestic market. It caters mainly to the requirement of its Holding Company viz. SAIL.

## OPPORTUNITIES & THREATS FOR MEL

### Opportunities

MEL has integrated large-scale facilities for the production of manganese based Ferro-alloys. It has, therefore, competitive edge in terms of specific consumption of inputs and operational efficiency.

MEL has a track record of achieving furnace capacity utilization of more than 100% of its rated capacity and achieved capacity utilization of 124% in 2008-09.

In order to meet the growing requirement of Ferro alloys at SAIL, MEL has taken up an ambitious project for installation of another 45 MVA capacity Submerged Arc Furnace to cater the requirement of SAIL Plants.

MEL has 4.2 MW Power Plant using furnace waste gas as a fuel. This has provided good scope for savings on account of power and fuel expenses.

To reduce increasing power tariff, MEL has taken up with NSPCL for installation of Captive Power Plant and wheeling of power from BSP, Bhilai, MEL has taken up cost reduction measures particularly through waste utilization, improvement in productivity, reduction in purchase price, right sizing of manpower and electrical power management through load management.

### Threats

MEL has no captive power plant. There has been steep hike in power tariff. The company may face adversity affecting the techno-economics. MEL has no captive mines for basic input like Manganese Ore and it has to depend mainly on MOIL for high grade ore.

## SEGMENTWISE OR PRODUCTWISE PERFORMANCE

The production has been increased during the year and the capacity utilization was 124%. The production performance of ferro alloys viz. HC FeMn, MC FeMn, SiMn and other areas like Mn Ore Sinter, Power Generation, etc. was satisfactory.

## OUTLOOK

With the increase in production of steel in the country, the domestic demand of Ferro alloys is expected to increase.

The company has a good potential with motivated and dedicated workforce. It has maintained its quality standard. It has the capacity to cater to the SAIL Plants in addition to supply to non-SAIL customers including exports. However, it needs help from State Government by allocating prospecting licenses for Iron Ore & Manganese Ore, which are the major raw materials for ferro alloys production.

## RISK AND CONCERNS

Availability and quality of raw materials particularly Manganese Ore is the major concern for MEL. The Company's operation may get adversely affected due to scarcity of Manganese Ore and deterioration in its quality. Also area of concern for MEL is high power tariff and dependence on State Electricity Board for power.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE.

MEL has conversion contract with SAIL. Major raw materials i.e. Manganese Ore and Coke are provided by SAIL for conversion of the same into Ferro Alloys. Conversion charges are paid by SAIL to MEL based on negotiated rate on yearly basis.

During the year the company has achieved a turnover of Rs. 425.06 crores as against Rs. 396.41 crores in the previous year. Value of sales through conversion arrangement was Rs. 353.02 crores as against Rs. 290.79 crores during the previous year.

On the operational front, company has achieved a capacity utilization of 124%. Sales of ferro alloys (all sizes) during the year were 99994 tonnes as against 109146 tonnes during the previous year.

The company has achieved improved performance and earned a post tax net profit of Rs. 40.88 crores as against the profit of Rs. 36.32 crores in the previous year. This is due to strategic measures taken by the Management viz. increase in production and sales, better product mix, improved techno-economic parameters, optimization in procurement and continuous emphasis on cost reduction, prudent funds management, etc.

## MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS

The Human Resource at MEL has always been the foundation behind its success. During the year the thrust has been on increasing the production and productivity through optimum manpower utilization. While reduction in manpower was taken up through the Voluntary Retirement Scheme (VRS), on the other hand multi tasking and redeployment of employees had been carried out among cross section of employees to optimize the manpower requirement of the Company.

The Human Resource Development (HRD) activities have been focused on enhancement of Technical and Managerial skills with thrust on multi-skill training and exposure to modern management techniques. During the year 776 employees were trained in various areas.

MEL continued its contribution to the society as a socially responsive organisation through various initiatives. MEL in association with National AIDS Control Organisation (NACO) has actively participated and promoted the Information, Education and Communication (IEC) under the campaign for HIV/Aids awareness programmes.

The manpower employed by MEL as on 31st March, 2009 was 748 comprising of 124 Executives and 624 Non-Executives, out of which 101 were Scheduled Castes (13.50%), 58 were Scheduled Tribes (7.62%) and 410 were Other Backward Castes (52.27%).

## CARPORATE SOCIAL RESPONSIBILITY

MEL has been carrying out activities under caption "Reaching out to the Society" in the area of Corporate Social Responsibility (CSR). It has been structuring and implementing the CSR initiatives in line with Holding Company viz. SAIL with the underlying philosophy and credo to make a meaningful difference in the lives of people. The Companies business philosophy encompasses in triple bottom line approach covering the economic, environmental and social dimensions reflecting MEL's commitment to building natural, human and societal capital.

The focus of the activities remained on benefit to the community at large for long and healthy life, having a decent standard of living. By systematically addressing issues such as village upliftment in terms of education, health and medial welfare, access to water, sanitation, power and roads, women's empowerment, self employment, generation of local employment and infrastructural facilities, etc., MEL has contributed to the development of neighbouring villages and communities in and around MEL at Chandrapur.

## INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

The Company has an adequate system of internal controls for achieving the following business objectives of the Company :

- Efficiency of operations.
- Protection of resources.
- Accuracy and promptness of financial reporting.
- Compliance with laid down policies and procedures.
- Compliance with laws and regulations.

In MEL, Internal Audit is a multi disciplinary function which reviews, evaluates and appraises the various systems, procedures/policies laid down by the Company and suggests meaningful and useful improvements. It helps management to accomplish its objectives by bringing a systematic and disciplined approach to improve the effectiveness of management towards good corporate governance.

The Company has taken a number of steps to make the audit function more effective. The Internal Audit is subjected to overall control environment supervised by Board Level Audit Committee, providing independence to the Internal Audit function, emphasizing transparency in the systems and internal controls. Annual Audit Plans are based on identification of key-risk areas with thrust on system/process audits and bench marking of the best practices followed in the Plants so as to achieve over all efficiency improvement including cost reduction in operation of the Company. Development of Internal Audit Executives, bringing awareness amongst auditees, converging on the pro-active role of Internal Audit remained other focused area during the year.

The Internal Audit system is supplemented by well-documented policies, guidelines and procedures and regular reviews are being carried out by our Internal Audit Department. The reports containing significant audit findings are periodically submitted to the management and Audit Committee of the Company.

## CAUTIONARY STATEMENT

Statement in the Management Discussion and Analysis, describing the Company's objective, projections and estimates are forward looking statement and progressive within the meaning of applicable security laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors.

## ANNEXURE - VI

# AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members  
**Maharashtra Elektrosmet Limited**

We have examined the compliance of conditions of Corporate Governance by Maharashtra Elektrosmet Limited for the year ended 31<sup>st</sup> March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

Attention is invited to following non-compliance with the conditions of corporate governance as stipulated in clause 49 of the Listing Agreement of the said company with the Stock Exchange.

"The quorum of Audit committee meeting held on 31st January, 2009, did not have presence of minimum two independent directors as required by Clause 49 II (B) One independent director had submitted a letter expressing inability to attend the meeting and hence the Audit Committee had presence of one independent director and one non-independent director."

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / 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 **Mukund M. Chitale & Co.**  
**Chartered Accountants**

**Sd/-**  
**(A.V.Kamat)**  
**Partner**  
Membership No.:39585

Place : New Delhi  
Date : 1<sup>st</sup> June, 2009



## Auditor's Report

### To the Members of MAHARASHTRA ELEKTROSMELT LIMITED

We have audited the attached Balance Sheet of Maharashtra Elektros melt Limited as at 31<sup>st</sup> March, 2009 and the Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 mis-statement. 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by The Companies (Auditor's Report) Order 2003 (as amended) issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

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

- 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;
- In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- In our opinion, the Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- The provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Government Company in terms of Notification No. GSR 829(E) dated 21st October, 2003 issued by the Department of Company Affairs, Ministry of Finance, Government of India.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the notes thereon 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:
  - in the case of the Balance Sheet, of the state of Affairs of the Company as at 31st March, 2009; and
  - in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For Mukund M. Chitale & Co.**  
**Chartered Accountants**

**Sd/-**  
**(A.V. Kamat)**  
**Partner**  
Membership No.: 39585

Place : New Delhi  
Date : 27th May, 2009

### ANNEXURE TO THE AUDITOR'S REPORT (Referred to in our report of even date)

- As per the information and explanations given to us, the Fixed Assets register showing full particulars including quantitative details and situation of Fixed Assets is compiled by the Company.
  - As per information and explanations given to us the Fixed Assets, except those held by the employees under Furniture hire scheme have been physically verified by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable having regard to the size of the operations of the Company and on the basis of explanations received no material discrepancies were noticed during the verification.
  - During the year, the Company has not disposed off any substantial part of its fixed assets so as to affect the going concern.
- As per information and explanations given to us the inventory has been physically verified by the management at reasonable intervals. The inventories in transit as at 31.03.2009 have been verified by the management with reference to subsequent receipt of materials.
  - In our opinion, the frequency of verification is reasonable having regard to the size the Company and nature of its business.
  - In our opinion, and according to the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records have been adequately dealt with in the books of account.

- According to the information and explanations given to us, 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 Act. Therefore the question of rate of interest and other terms and conditions of loans given by the Company, secured or unsecured, being prima facie prejudicial to the interest of the company and the regularity of receipt of the principal amount and reasonable steps to be taken by the company for the recovery of the principal and interest does not arise.
  - According to the information and explanations given to us, the Company has not taken. any loans, secured or unsecured, from Companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, clause 4(iii) (f) to (g) of the order is not applicable to the Company.
- 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 purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- According to the information and explanations given to us, there are no contracts and arrangements referred to in Section 301 of the Companies Act, 1956, particulars of which need to be entered into a register maintained under Section 301 of the Act, Accordingly clause 4 (v) (b) of the order is not applicable to the Company.
- The Company has not accepted any deposits during the year from the public within the meaning of the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the rules framed there under, other than the amount retained under Employees Family Benefit Scheme for which exemption under Section 58A of the Companies Act, 1956 has been obtained by the Company.
- In our opinion, the Company's internal audit system, generally commensurate with the size and nature of its business, is required to be strengthened further with regard to enlarging the scope and frequency of the coverage.
- According to information and explanations given to us the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act.
- According to the information and explanations given to us, the Company is generally regular in depositing with appropriate regulatory authorities undisputed statutory dues including, Provident Fund, Investor Education and Protection Fund, Income-tax, Sales-tax, Service Tax, Custom Duty, Excise Duty/ Cess and Profession Tax.
  - According to the information and explanations given to us, no undisputed dues payable in respect of Provident Fund, Income Tax, Sales Tax, Excise Duty, Service Tax, Profession Tax and Cess were outstanding as at 31<sup>st</sup> March, 2009 for a period of more than six months from the date they became payable.
  - According to the information and explanations given to us, there are no dues of Sales Tax/Income Tax/Custom Duty/Wealth Tax/Service Tax/Excise Duty/Cess that have not been deposited on account of any dispute, other than those mentioned below:

	Period	Amount (Rs.)	Forum where dispute is pending
A]	<b>EXCISE DUTY</b>		
	<b>Financial Year:</b>		
	1995-96	9,81,200	Commissioner Central Excise (Appeals) - Nagpur
	1996-97	2,91,410	Commissioner Central Excise (Appeals) - Nagpur
	1997-98	74,89,466	Commissioner Central Excise (Appeals) - Nagpur
	2007-08	29,43,685	Commissioner Central Excise - Nagpur*
	<i>*Appeal is yet to be filed by the Company</i>		
	<b>For the period:</b>		
	July 2000 to Dec 2001	14,92,357	Commissioner Central Excise - Nagpur
	July 2000 to Mar 2001	1,62,49,905	Custom, Excise & Service Tax Appellate Tribunal - Mumbai #
	Apr 2001 to Mar 2002	6,20,452	Commissioner. Central Excise - Nagpur
	Apr 2001 to Feb 2004	1,55,79,066	Asstt. Commissioner, Central Excise - Chandrapur
	Jan 2002 to Oct 2002	9,06,650	Commissioner. Central Excise - Nagpur
	Nov 2002 to Mar 2003	4,80,983	Commissioner, Central Excise - Nagpur
	Apr 2003 to Feb 2004	4,20,426	Commissioner, Central Excise - Nagpur
	Mar 2004 to Nov 2004	6,38,611	Commissioner, Central Excise - Nagpur
	Aug 2000 to Dec 2004	3,47,65,389	Commissioner, Central Excise - Nagpur
	July 2000 to Sep 2001	68,92,496	Commissioner, Central Excise - Nagpur
	Dec 2004 to Mar 2005	4,22,859	Commissioner, Central Excise - Nagpur
	Jan 2005 to Sep 2005	2,38,510	Commissioner, Central Excise - Nagpur
	Apr 2005 to July 2005	4,15,950	Commissioner, Central Excise - Nagpur
	Aug 2005 to June 2006	4,44,680	Commissioner, Central Excise - Nagpur
	Feb 2006 to May 2006	4,31,270	Commissioner, Central Excise - Nagpur
	June 2006 to Sept 2006	4,40,541	Commissioner, Central Excise - Nagpur
	Oct 2006 to Jan 2007	4,64,519	Commissioner, Central Excise - Nagpur
	<b>Total Amount</b>	<b>9,26,10,425</b>	

# Subject to reconsideration of application by Committee on Dispute, Govt. of India.

<b>B]</b>	<b>MUNICIPAL TAX</b>		
	Financial Year 1983-84 to 2002-03	1,29,98,650	High Court- Nagpur
<b>C]</b>	<b>GRAM PANCHAYAT/ZILA PARISHAD CESS</b>		
	1973-74 to 1982-83	5,32,000	Government of Maharashtra
<b>D]</b>	<b>INCOME TAX</b>		
	2005-2006	1,27,45,359	Commissioner Appeals

10. The Company has no accumulated losses at the year-end. The Company has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. According to information and explanations given to us the Company has not defaulted in repayment of dues to banks or debenture holders.
12. The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures, and other securities.
13. The Company has not dealt or traded in shares, securities, debentures and other investments. Hence the question of maintenance of proper records of the transactions and contracts and making timely entries in the same does not arise.
14. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions and hence the question of terms and condition being prejudicial to the interests of the Company does not arise.
15. According to information and explanations given to us and the records examined by us, the Company has not availed Term Loans from Banks during the year.
16. According to information and explanations given to us, in our opinion funds raised on short-term basis have not been used for long-term purposes.
17. According to information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
18. The Company has not issued any debentures in the current year. Hence the issue of creation of charge does not arise.
19. The Company has not raised money by public issue of and hence the question of disclosure by management on the end use of money raised by public issue and its verification does not arise.
20. in our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.
21. The following clauses of the said order are not applicable to this Company in view of the nature of its business activities :
 

Clause No. xiii (a), (b), (c) and (d)	In respect of Provisions of any special statute applicable to Chit Fund/Nidhi/Mutual Benefit Fund/Societies.
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**For Mukund M. Chitale & Co.**  
**Chartered Accountants**

**Sd/-**  
**(A.V. Kamat)**  
**Partner**  
Membership No.: 39585

Place : New Delhi  
Date : 27<sup>th</sup> May, 2009

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF MAHARASHTRA ELEKTROSMELT LIMITED FOR THE YEAR ENDED 31 MARCH, 2009.

The preparation of financial statements of Maharashtra Elecktros melt Limited for the year ended 31 March, 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Charter Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 May, 2009.

I on the behalf of the Comptroller and Auditor General of India have conducted a supplementary audit under Section 619(3)(b) of the Companies Act, 1956 of the financial statements of Maharashtra Elektros melt Limited for the year ended 31 March, 2009. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under Section 619 (4) of the Companies Act. 1956.

For and on the behalf of the  
Comptroller and Auditor General of India

Sd/-  
**(MRIDULA SAPRU)**  
Principal Director of Commercial Audit and  
Ex-Officio Member, Audit Board-I, Mumbai

Place : Mumbai  
Date : 9<sup>th</sup> July, 2009

## CORPORATE OFFICE

### NEW DELHI

#### Chairman

S. K. Roongta

#### Directors

##### Personnel

G. Ojha

##### Finance

Soiles Bhattacharya

##### Commercial

Shoeb S. Ahmed

##### Technical

V. K. Gulhati

#### Executive Directors

##### Vigilance

Anil Kumar

##### Operations & SS

P. K. Bajaj

##### Corporate Planning

A. K. Jain

##### Materials Management

C. S. Sharma

##### Projects

S. C. Dangayach

##### SAILCON

N. K. Sudan

##### Internal Audit

V. K. Misra

##### Law

P. K. Basu Majumdar

##### Personnel & Administration

Rakesh Kulshreshtha

##### Chairman's Sectt.

N. Kothari

##### HRD

S. P. Patnaik

##### Safety

N. Neogi

##### Environment Management Division

K.K.Singhal

Growth Division & Kulti

S.R.Subhedar

##### CCSO

HyderAli

#### Company Secretary

Devinder Kumar

#### DGM (Corporate Affairs)

R. K. Singhal

## STEEL PLANTS/UNITS

### Bhilai Steel Plant

#### Managing Director

R. Ramaraju

#### Executive Director

##### Works

Ashok Kumar

##### Finance & Accounts

T. K. Gupta

##### Mines

M. K. Bindu - I/c

M. N. Rai

##### Materials Management

S. N. P. Singh

##### Projects

V. K. Arora

##### Personnel & Administration

P. K. Aggarwal

### Durgapur Steel Plant

#### Managing Director

V. Shyamsundar

#### Executive Directors

##### Works

M. Singh

##### Finance & Accounts

T.C.A.S. Prasad

##### Materials Management

Asok Kumar Ray

##### Projects

G. C. Mishra

##### Personnel & Administration

Jeevesh Mishra

### Rourkela Steel Plant

#### Managing Director

S. N. Singh

#### Executive Directors

##### Works

N. P. Singh

##### Finance & Accounts

V. Nandgopal

##### Materials Management

S. S. Mohanty

##### Projects

S. S. Verma

##### Medical & Health Services

Dr. O. P. Agrawal

### Bokaro Steel Plant

#### Managing Director

V. K. Srivastava

#### Executive Directors

##### Works

S. Ranade

##### Finance & Accounts

D. P. Bajaj

##### Materials Management

K. Sriram Murthy

##### Projects

T. S. Suresh

##### Personnel & Administration

S. N. Singh

### IISCO Steel Plant

#### Managing Director

S. P. Rao

#### Executive Directors

##### Works

A. K. Virmani

##### Personnel & Administration

G. Mukherji

##### Collieries

U. P. Singh

### Alloy Steels Plant

#### Executive Director

A. J. Vijh

### Salem Steel Plant

#### Executive Director

B. B. Singh

### Visvesvaraya Iron & Steel Plant

#### Executive Director

M. K. Bhattacharya

## UNITS

### Research & Development Centre for Iron & Steel

#### Executive Director I/c

N. K. Jha

#### Executive Director

Dr. D. Mukherjee

### Raw Materials Division

#### Executive Director I/c

K. Kapoor

#### Executive Director

P. C. Tibrewal

### Centre for Engineering & Technology

#### Executive Director

A. S. Mathur

### Central Marketing Organisation

#### Executive Directors

##### Finance & Accounts

A. K. Ghosh

##### Transport & Shipping

Ranen Nag

##### Marketing - Flat Product

D. Kobi

##### Marketing - Long Product

V. K. Mehta

##### Commercial

S. Banerjee

## SUBSIDIARY

### Maharashtra Elektros melt Ltd.

#### Executive Director

D. Pal

## Notice

### STEEL AUTHORITY OF INDIA LIMITED REGISTERED OFFICE: ISPAT BHAWAN, LODI ROAD NEW DELHI-110003

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of the Members of Steel Authority of India Limited will be held at 1030 hours on Thursday, the 10th September, 2009 at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact the following business:

1. To receive, consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2009, the Balance Sheet as at that date and Directors' and Auditors' Reports thereon.
2. To appoint a Director in place of Shri R. Ramaraju, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Prof. Javaid Akhtar, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri P.K. Sengupta, who retires by rotation and is eligible for re-appointment.
5. To appoint a Director in place of Dr. Vinayshil Gautam, who retires by rotation and is eligible for re-appointment.
6. To fix the remuneration of the Auditors of the company appointed by the Comptroller & Auditor General of India for the year 2009-2010.
7. To declare dividend for the financial year 2008-2009.

#### SPECIAL BUSINESS

8. To consider and, if thought fit, to pass with or without modification the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT Shri S.N. Singh, who was appointed as an Additional Director of the Company by the Board of Directors under Section 260 of the Companies Act, 1956, and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By order of the Board of Directors

  
(Devinder Kumar)  
Secretary

New Delhi

Dated: 1st August, 2009

Registered Office:

Ispat Bhawan, Lodi Road, New Delhi-110003.

#### Notes:

1. The relevant Explanatory Statements, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the business Item No.8 above is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM IS ENCLOSED AT THE END OF ANNUAL REPORT.

3. Only members carrying the attendance slips or holders of valid proxies registered with the Company will be permitted to attend the meeting. In case of shares held in joint names or shares held under different registered folios wherein the name of the sole holder/first joint-holder is same, only the first joint-holder/sole holder or any proxy appointed by such holder, as the case may be, will be permitted to attend the meeting.

4. Members attending the meeting are requested to bring their copy of the Annual Report as extra copies will not be supplied.

5. The Register of Members of the Company will remain closed from 1st August, 2009 to 21st August, 2009 (both days inclusive).

6. M/s. MCS Limited are acting as the Registrar and Transfer Agent (R&TA) for carrying out the company's entire share related activities viz. Transfer/ transmission/ transposition/ dematerialisation/ rematerialisation/ split/ consolidation of shares, change of address, bank mandate, filing of nomination, dividend payment and allied activities. Shareholders are requested to make all future correspondence related to share transfer and allied activities with this agency only at the following address:

M/s. MCS Limited,  
F-65, 1st Floor, Okhla Industrial Area, Phase-I,  
New Delhi-110020  
Phone No.011-41406149  
e-mail: admin@mcsdel.com

#### 7.(i) Dematerialisation

Securities and Exchange Board of India (SEBI) Regulations provide that equity shares of SAIL are to be compulsorily delivered in the dematerialized form, for the purpose of trading. Though most of the shareholders have converted their holdings into demat form, it is seen that some shareholders still hold their shares in paper form (Physical). In this connection it is advised in their interest, to open a demat account with any depository participant authorized by either National Securities Depository Ltd. or Central Depository Services Ltd, and dematerialize their shares.

- ii) Members holding shares in the physical form should notify change in their addresses, if any, to the R&TA specifying full address in block letters with PIN CODE of their post offices, which is mandatory. Members holding shares in the Electronic Form (Demat), should inform the change of address to their Depository Participant.

#### iii) ECS MANDATE

Shareholders holding shares, whether in Physical or Demat form are advised to opt for Electronic Clearing Services



(ECS) for any future payouts from the company. Under the ECS, the payment instruction is issued by the banker (Payer's banker) electronically to the clearing authority (RBI or SBI). The clearing authority provides credit reports to the payee's Bank, who credits the amount to their respective accounts. It becomes inevitable that the shareholders opting for ECS should provide details of their Bank Name, A/c no., A/c Type, Branch name, 9 digit MICR no. along with their Name and Folio Number (DP-ID/Client ID) to the company if their holding is in Physical form and to the Depository participant, if their holding is in demat form.

8. Members holding shares in identical order of names in more than one folio are requested to write to the Company's Shares Department/R&TA enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.
9. The Company has transferred to Investor Education and Protection Fund, unclaimed dividends till financial year 1997-1998. The Company did not declare any dividend for the financial years during 1998-1999 to 2003-2004. The Company has thereafter paid/declared the following dividends:

Year	Interim Dividend (%)	Final Dividend (%)
2004-2005	15.00	18.00
2005-2006	12.50	7.50
2006-2007	16.00	15.00
2007-2008	19.00	18.00
2008-2009	13.00	-

Shareholders who have not encashed their dividend warrants as above are requested to make their claims to the company.

10. Members seeking further information on the Accounts or any other matter contained in the Notice, are requested to write to the Company atleast 7 days before the meeting so that relevant information can be kept ready at the meeting.
11. **Entry to the Auditorium will be strictly against Entry Slip available at the counters at the venue and against exchange of Attendance Slip.**
12. **No Brief case or Bag or mobile phone will be allowed to be taken inside the auditorium.**

### ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No.8

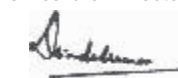
On nomination by the President of India vide Government's Notification No.6(3)/2007-SAIL(PC)-Vol.II dated 5th December, 2008, Shri S.N. Singh was appointed as an Additional Director of the Company with effect from 6th December, 2008 and vacates his office of Directorship at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company. The notice under Section 257 of the said Act has been received from a member proposing the name of Shri S.N. Singh as a candidate for the office of Director of the Company.

Shri S.N. Singh is a B.Sc (Engg.) Mech and has also done Industrial Engineering Course from Indian Institution of Industrial Engineering. He has rich work experience in a variety of areas in the steel industry. His fields of specialization include maintenance management, materials management, operations, planning and process control in steel plants.

Board considers it desirable that the Company should continue to avail itself of his services as a Director and recommend this Resolution for approval of the shareholders.

None of the Directors other than Shri S.N. Singh, to the extent of his appointment as Director, is concerned or interested in the above resolution.

By order of the Board of Directors



(Devinder Kumar)

Secretary

New Delhi

Dated: 1<sup>st</sup> August, 2009

Registered Office: Ispat Bhawan, Lodi Road,  
New Delhi-110003

## Details of Directors seeking re-appointment in forthcoming Annual General Meeting furnished in terms of clause 49 of Listing Agreement:

Name of the Director Date of Birth Date of Appointment Expertise in Specific functional areas	Shri R. Ramaraju 04.03.1950 28.09.2006 Management of steel plants	Prof. Javaid Akhtar 01.07.1959 22.11.2006 Finance & Administration	Shri P.K. Sengupta 08.09.1940 22.11.2006 Finance & Administration	Dr. Vinayshil Gautam 03.06.1946 22.11.2006 Organisation Management, Strategic Management, Information Systems MA,PHD, FRAS (London)
Qualifications	B.E. (Electrical)	B.Com (H), MBA, PHD, FDPM (IIM-A) Nil	B.Com, FICWA	
List of Companies in which outside Directorship is held	<ul style="list-style-type: none"> <li>Hindustan Steelworks Construction Ltd.</li> <li>Bhilai Jaypee Cement Ltd.</li> <li>Maharashtra Elektros melt Ltd.</li> <li>SAIL &amp; MOIL Ferro Alloys Pvt. Ltd.</li> </ul>		<ul style="list-style-type: none"> <li>NTPC Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>NPCC</li> <li>Lake Palace Hotels Pvt. Ltd.</li> <li>Moser Baer Ltd.</li> <li>Shiva Auto Tech Ltd.</li> <li>Spicejet Ltd.</li> <li>Ginni International Ltd.</li> </ul>
Chairman/Member of the Committees of the Board of the Companies on which he is a Director	--	<b>SAIL</b> Shareholders/ Investors Grievance Committee - Member Audit Committee - Member	<b>SAIL</b> Audit Committee - Member <b>NTPC Ltd.</b> Audit Committee - Member	<b>SAIL</b> Audit Committee - Member <b>Shiva Auto Tech Ltd.</b> Audit Committee - Member <b>Ginni International Ltd.</b> Audit Committee - Member

## STEEL AUTHORITY OF INDIA LIMITED

Registered Office: Ispat Bhawan, Lodi Road  
New Delhi - 110 003

### ATTENDANCE SLIP

Folio No: \_\_\_\_\_

Name and Address \_\_\_\_\_

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the 37<sup>th</sup> ANNUAL GENERAL MEETING of the Company to be held on 10<sup>th</sup> September, 2009 at Air Force Auditorium, Subroto Park, New Delhi-110010.

Member's/Proxy's Name (In Block Letters) \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_

Note:

- Please sign this attendance slip and hand over at the Attendance Verification Counter at the Entrance of the Meeting Hall.
- This attendance slip is valid only in case shares are held on the date of meeting.
- The members holding shares in Dematerialised (D Mat) form are advised to bring with them their DP ID and Client ID Numbers.
- REGRET NO GIFTS.

## STEEL AUTHORITY OF INDIA LIMITED

Registered Office: Ispat Bhawan, Lodi Road  
New Delhi - 110 003

### PROXY FORM

I/We .....of .....  
in the district of .....  
(Write full address)

hereby appoint .....of .....  
(Write full address)

or failing him .....of .....  
(Write full address)

as my/our proxy and to vote for me/us or my/our behalf at the 37<sup>th</sup> Annual General Meeting of the Company to be held on 10<sup>th</sup> September, 2009 at 1030 hours and at any adjournment thereof.

Signed this .....day of .....2009

Signature(s) .....

Ledger Folio/DP ID & Client ID No. ....

No. of Shares held .....

Please  
affix  
Re.1  
Revenue  
Stamp

NOTE:

- The Proxy need NOT be a member.
- The Proxy Form signed across Re.1 revenue stamp should reach the Company's Registered Office atleast 48 hours before the scheduled time of meeting.
- Please fill in full particulars.