



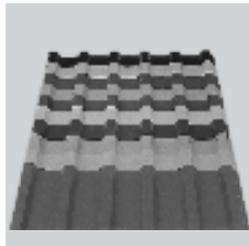
SHREE PRECOATED STEELS LIMITED

(Formerly known as Ajmera Precoated Steels Ltd.)

2ND



ANNUAL REPORT 2008-2009



AN



GROUP ENTERPRISE



CONTENTS

Page No.

Corporate Information	02
Notice	03
Directors' Report.....	07
Management Discussion Analysis Report	08
Corporate Governance Report	13
Auditors' Report.....	23
Balance Sheet	26
Profit and Loss Account.....	27
Cash Flow Statement	28
Schedules forming part of Balance Sheet & Profit and Loss Account.....	29
Balance Sheet Abstract and Company's General Business Profile	47
Attendance Slip & Proxy Form	49

SHREE PRECOATED STEELS LIMITED



BOARD OF DIRECTORS

Shri Chhotalal S Ajmera	Chairman & Managing Director
Shri Rajnikant S Ajmera	Managing Director
Shri Ishwarlal S Ajmera	Director
Shri Jagdish J. Doshi	Director
Shri Ambalal C. Patel	Director
Shri Ashok U. Katra	Nominee Director - IDBI (withdrawn w.e.f. 13th November, 2009)

BANKERS

Bank of Baroda
Allahabad Bank
Dena Bank
Exim Bank Ltd.
IDBI Ltd.
State Bank of India
State Bank of Indore
The Federal Bank Ltd.
Union Bank of India

AUDITORS

M/s. V. Parekh & Associates
Chartered Accountants
37, Hamam Street, 2nd Floor, Fort,
Mumbai - 400 001.

SOLICITORS

M/s. Pandya & Poonawala
M/s. Desai & Diwanji
M/s. K. Ashar & Company

REGISTERED OFFICE

"Citi Mall", 2nd Floor,
Link Road, Andheri (West),
Mumbai - 400 053, India

REGISTRAR & SHARE TRANSFER AGENT

Sharex Dynamic (India) Pvt Limited,
Branch Office : Unit 1, Luthra Industrial Premises
Andheri Kurla Road, Safed Pool, Sakinaka,
Andheri (E), Mumbai - 400 072.

SECOND ANNUAL GENERAL MEETING

Date	:	30th January, 2010
Day	:	Saturday
Time	:	11.30 A.M
Place	:	3rd Floor, "Citi Mall", Link Road, Andheri (West), Mumbai - 400 053, India.
Book Closure	:	Saturday, 23rd January, 2010 to Saturday, 30th January, 2010 (Both days inclusive)

NOTICE



notice

NOTICE is hereby given that the Second Annual General Meeting of the shareholders of Shree Precoated Steels Limited will be held on Saturday, the 30th January, 2010 at 11.30 A.M. at "CitiMall", 3rd Floor, Andheri New Link Road, Andheri (W), Mumbai – 400 053 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet for the period of 18 (Eighteen) months as at 30th September, 2009 and the Profit and Loss Account ended on that date and the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Shri Rajnikant S. Ajmera, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution, which will be proposed as an Ordinary Resolution:

"RESOLVED THAT M/s. V Parekh & Associates, Chartered Accountants, Mumbai, be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration to be decided by the board in consultation with the Auditors in addition to out of expenses as may be incurred by them during the course of the Audit."

SPECIAL BUSINESS:**4. Appointment of Shri Jagdish J Doshi as Director of the Company**

To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the section 260 of the Companies Act, 1956, read with Article 98 of the Articles of Association of the Company, Shri Jagdish Doshi who was appointed as an Additional Director of the Company, and holds office until date of the Annual General Meeting, and in respect of whom the Company has received notice from member pursuant to section 257 of the Company Act, 1956, proposing his candidature, be and his hereby appointed as a Director of the Company liable to retire by rotation."

5. Appointment of Shri Ambalal C. Patel as Director of the Company:

To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:-

"RESOLVED THAT pursuant to the section 260 of the Companies Act, 1956, read with Article 98 of the Articles of Association of the Company, Shri Ambalal C. Patel who was appointed as an Additional Director of the Company, and holds office until date of the Annual General Meeting, and in respect of whom the Company has received notice from member pursuant to section 257 of the Company Act, 1956, proposing his candidature, be and his hereby appointed as a Director of the Company liable to retire by rotation."

6. Appointment of Shri Chhotalal S. Ajmera as a Chairman & Managing Director:

To consider and, if thought fit, to pass with or without modification, the following Resolution as a **Special Resolution**:-

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), subject to the approval of Central Government, if necessary, the Company hereby approves of the appointment of Shri Chhotalal S. Ajmera as the Managing Director of the Company, for the period of five years with effect from 1st May, 2009, with no remuneration payable to him.

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be necessary and expedient to give effect to this resolution."

7. **Appointment of Shri Rajnikant S. Ajmera as a Managing Director** : To consider and, if thought fit, to pass with or without modification, the following Resolution as an **Ordinary Resolution**:-

SHREE PRECOATED STEELS LIMITED



notice

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), subject to the approval of Central Government, if necessary, the Company hereby approves appointment of Shri Rajnikant S. Ajmera as the Managing Director of the Company, for the period of five years with effect from 1st May, 2009, with no remuneration payable to him.

RESOLVED FURTHER THAT any one of the Directors or the Company Secretary of the Company be and is hereby authorised to do all necessary acts, deeds and things, which may be necessary and expedient to give effect to this resolution.”

By Order of the Board of Directors
For **SHREE PRECOATED STEELS LTD.**

Rajnikant S. Ajmera
Managing Director

Place : Mumbai

Date : 19th December, 2009

Registered Office:

“Citi Mall”, 2nd Floor, Link Road,

Andheri (W), Mumbai – 400 053.

NOTE:

- I. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF OR HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- II. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
- III. **The Register of Members and Share Transfer Books of the Company will remain closed for Eight days from the Saturday 23rd January, 2010 to the Saturday, 30th January, 2010 (both days inclusive).**
- IV. The relative Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of business under Item No.:4 to 7 set out above and details under clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting are annexed hereto.
- V. All documents referred to in the accompanying Notice and the Explanatory Statement is open for inspection at the Registered Office of the Company during the office hours on all working days except Sundays between 11.00 a. m. and 1.00 p. m., up to the date of the ensuing Annual General Meeting.
- VI. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- VII. Members are requested:
 - a to notify any change in their addresses to their Depository Participants (DPs) in respect of their electronic share accounts quoting Client ID no. and to the Sharex Dynamics (India) Private Limited – Registrar and Transfer Agent (RTA) or to the Company in respect of their physical shares quoting their folio numbers;
 - b to write to RTA to enable them to consolidate their holdings in one folio, who are not opting for depository and are holding Shares in identical order of names in more than one folio;
 - c to write to the Company at an early date so as to enable the Management to keep information ready, who are desiring any information as regard to accounts,.
 - d to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting, who hold Shares in dematerialized form;
 - e to bring their copies of the Annual Reports to the Meeting.
- VIII. In terms of Section 109A of the Companies Act, 1956, the Share holder(s) of the Company may nominate a person on whom the Shares held by him/them shall vest in the event of his/their death. Share(s) desirous of availing this facility may submit nomination in Form 2B.

**INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT**

As required under the Listing agreement, the particulars of Director who are proposed to be appointed / re-appointed are given below:

<p>Name Date of Birth Date of Appointment / Period Expertise in specific functional area</p> <p>Qualifications Listed / Unlisted Public Companies in which outside Directorship held as on 30th September 2009 Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 30th September 2009</p>	<p>Shri Chhotalal S. Ajmera 9th September 1937 1st May 2009 – 30th April 2014 Industrialist having 50 years over all experience in various fields including Constructions with more than 40 years experience in Real Estate Development. Higher Secondary Ajmera Steels Strips Limited Gujarat Fun World Limited Ajmera Realty & Infra India Limited Nil</p>
<p>Name Date of Birth Date of Appointment / Period Expertise in specific functional area</p> <p>Qualifications Listed / Unlisted Public Companies in which outside Directorship held as on 30th September 2009 Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 30th September 2009</p>	<p>Shri Rajnikant S. Ajmera 6th March 1953 1st May 2009 – 30th April 2014 Industrialist having 40 years over all experience in various fields including Real Estate Development. Diploma in Civil Engineering Ajmera Steels Strips Limited Gujarat Fun World Limited Shree Ram Estates Limited Ajmera Realty & Infra India Limited Nil</p>
<p>Name Date of Birth Date of Appointment / Period Expertise in specific functional area</p> <p>Qualifications Listed / Unlisted Public Companies in which outside Directorship held as on 30th September 2009 Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 30th September 2009</p>	<p>Shri Jagdish J. Doshi 26th February, 1931 30th April, 2009 Involved in the development of Steel Industry for the last 53 years. M. S. (Illinois), D. I. C. (London), B. E. (Hons.) Bombay, P. Eng. (Ontario, Canada), Consulting Engineer. Super and Stainless Hi Alloys Ltd. Four Season Marine and Air Services Ltd. Ajmera Realty & Infra India Ltd. Ajmera Realty & Infra India Ltd- Chairman of Audit Committee</p>
<p>Name Date of Birth Date of Appointment / Period Expertise in specific functional area Qualifications Listed / Unlisted Public Companies in which outside Directorship held as on 30th September 2009 Chairman / Member of the Committees of the Board of the other Companies on which he is a Director as on 30th September 2009</p>	<p>Shri Ambalal C. Patel 01st April, 1944 30th April, 2009 Over all 35 year vast experience in metallurgy. Bachelor of Engineering (Metallurgy) Jindal Hotels Ltd. Vishal Malleable Ltd. Laffans Petrochemical Ltd. Circuit System (India) Ltd. Nandam Exim Ltd. Sumeru Industries Limited SAL Steels Ltd. Chiripal Industries Ltd. Shree Gajanan papers Ltd. Ajmera Realty & Infra India Ltd. Ajmera Realty & Infra India Ltd- Member of Audit Committee</p>

SHREE PRECOATED STEELS LIMITED



notice

EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statements sets out all material facts relating to the business under Item Nos. 4 to 7 of the accompanying Notice dated 19th December, 2009.

Item No. 4 & 5

- a. Shri Jagdish J Doshi and Shri Ambalal C. Patel were appointed as an Additional Directors of the Company at the Board Meeting held on 30th April, 2009.
- b. As per Section 260 of the Companies Act, 1956, they shall hold office only up to the date of the ensuing Annual General Meeting. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a Member proposing name of Shri Jagdish J Doshi and Shri Ambalal C. Patel for appointment to the Office of Directors along with a deposit of Rs. 500/-, each.
- c. Shri Jagdish J Doshi is a M. S. (Illinois), D. I. C. (London), B. E. (Hons.) Bombay, P. Eng. (Ontario, Canada), Consulting Engineer. He is having a vast experience in the development of Steel Industry for the last 53 years and Shri Ambalal C. Patel is a Bachelor of Engineering (Metallurgy) from Indian Institute of Science – Bangalore. He has vast experience in metallurgy of nearly 35 years.
- d. Your Directors recommend for the appointments of Shri Jagdish J Doshi and Shri Ambalal C. Patel as Directors on the Board of your Company.
- e. Except Shri Jagdish J Doshi and Shri Ambalal C. Patel none of the Directors is concerned or interested in this resolution.

Item No. 6 & 7

- a. At the Board of Directors Meeting held on 30th April 2009, Shri Chhotalal S. Ajmera and Shri Rajnikant S. Ajmera were appointed as the Chairman & Managing Director (hereinafter referred to as "CMD") and Managing Director (hereinafter referred to as "MD") respectively of the Company for a period of five years with effect from 1st May, 2009 with no remuneration payable to them.
- b. Your Directors recommends the resolution at Item Nos. 6 & 7 of the Notice, for acceptance by the members.
- c. This may be treated as abstract of the terms of the appointment of Shri Chhotalal S. Ajmera & Shri Rajnikant S. Ajmera, pursuant to section 302 of the Companies Act, 1956.
- d. None of the Directors of the Company except Shri Chhotalal S. Ajmera, Shri Rajnikant S. Ajmera & Shri Ishwarlal S. Ajmera, being relatives of each other are, in any way, concerned or interested in the said resolution.

By Order of the Board of Directors
For **SHREE PRECOATED STEELS LTD.**

Rajnikant S. Ajmera
Managing Director

Place : Mumbai
Date : 19th December, 2009
Registered Office:
"Citi Mall", 2nd Floor, Link Road,
Andheri (W), Mumbai – 400 053.

DIRECTORS' REPORT



To,
The Members,

Your Board of Directors have pleasure in presenting the **SECOND ANNUAL REPORT AND AUDITED ACCOUNTS** of the Company for the Eighteen months period ended on 30th September, 2009.

FINANCIAL HIGHLIGHTS:

(Rs. in Lacs)

	2007- 08*	2008- 09
Turnover Gross	-	231,162.44
Profit before interest, Depreciation & Taxation	-	2,450.85
Less: Interest	-	14,432.76
Loss before Depreciation & Taxation	-	11,981.91
Less: Depreciation	-	5,626.94
Loss before Taxation	-	17,608.85
Provision for Taxation	-	(2,290.05)
Less: Adjustment in respect of Previous Year	-	-
Net Loss	-	15,318.80
Add: Balance in P& L Account B/F	-	-
Balance available for appropriation	-	N.A
Appropriations	-	-
Transfer to General Reserve	-	-
Proposed Dividend on Equity Shares	-	-
Dividend Distribution Tax	-	-
Loss Carried to Balance Sheet	-	15,318.80

In view of the performance during the period, your Directors do not recommend payment of Dividend.

*The financial results for the period are not comparable with that of the previous years since the Company had not commenced any commercial activity prior to the period. During the period under review, the Steel Division of Ajmera Realty & Infra India Limited has been transferred to and vested in the Company.

DE-MERGER OF STEEL DIVISION OF ARIIL

Pursuant to the composite scheme of arrangement, approved by Honourable High Court of Judicature of Bombay, the steel division of Ajmera Realty and Infra India Limited (ARIIL) has been vested in to the Company w.e.f. April 1, 2008 (Appointed Date).

INCREASE IN AUTHORISED & PAID UP CAPITAL OF THE COMPANY AND ALLOTMENT OF SHARES

Pursuant to the said Composite Scheme of Arrangement the authorised capital of the Company was increased from Rs. 5 Lacs to Rs. 85 Crores. 8, 27,98,042 fully paid up Equity shares were issued to the shareholders of Ajmera Realty & Infra India Limited in the ratio of 7 equity shares of the company for every 10 equity shares held in the demerged company after cancelling the pre-demerger paid up capital of the company.

DIRECTORS

The Board of directors has been broad-based to comply with the Listing requirements.

The board of Directors appointed Mr. Ambalal C Patel and Mr. Jagdish Doshi as Independent Directors at its board meeting held on 30th April, 2009. They hold office until the ensuing Annual General Meeting. Notice has been received from a Member under Section 257 of the Companies Act, 1956 proposing their names for appointment as directors of the Company liable to retire by rotation.

Mr. Rajnikant S. Ajmera, director of the company retires by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

Mr. Ashok U. Katra was appointed as a Nominee director on the Board of the Company with effect from May 1, 2009 by Industrial Development Bank of India. On repayment of the loan, IDBI withdrew his nomination with effect from 13th November, 2009.

The Board of Directors appointed Mr. Chhotalal S. Ajmera as a Chairman & Managing Director and Mr. Rajnikant S. Ajmera as Managing Director at its meeting held on 30th April, 2009 with effect from May 1, 2009 for a period of five years with no remuneration payable to them.

LISTING

The Equity Shares of the Company are listed with Bombay Stock Exchange and National Stock Exchange from 15th October, 2009.

BUSINESS RESULTS

During the period under review, the Company has achieved Sales Turnover of Rs. 231162.44 Lacs and incurred Loss of Rs. 15318.80 Lacs.

During the period under review there was high volatility in the Exchange rates and commodity markets. Further, due to general slowdown and global recession the decline in the prices of finished goods was more than proportionate to the decline in the prices of raw materials. The un-remunerative prices and slackness in demand caused under utilisation of capacity putting pressure on both profitability and cash generation which necessitates increased borrowings. The cost of utilities such as power and fuel harden during the period under review and has further deteriorated the margin.



SALE OF STEEL BUSINESS OF THE COMPANY

Globally the steel industry is being consolidated and large integrated steel companies are emerging. In this scenario only the large integrated players having control over supply of raw material will have a competitive edge and are going to survive in the long run. The Indian players are also consolidating and integrating both organically and inorganically to meet the challenges posed by their peers in the international market. The global meltdown and recession coupled with non availability of raw material at competitive price has compelled your directors to consider to integrate backward either inorganically or organically which require huge funds and involve long gestation period or to exit the sector. Having regard to the fact that the prospects for stand alone processors will not improve in the near future has prompted your directors to dispose off the steel business. In pursuance to the authority obtained from the shareholders u/s 293(1)(a) at the EGM held on 7th September 2009, the Steel business of the Company has been transferred to Essar Steels Limited w.e.f. 29/10/2009

FUTURE OUTLOOK

Your directors are considering the project of putting up one or more Steel service and logistic management centres involving running stockyards having steel slitting and blanking facilities to cater to the specific customer requirements to capitalise the goodwill earned and contacts established both in India and abroad during the last twenty years. Further your company is also evaluating various opportunities in the Redevelopment and Slum Rehabilitation Activities in Real Estate Sector. In Mumbai and Pune both these activities have excellent growth opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS :

Pursuant to Clause 49(IV) (B) & (F) of the Listing Agreement your directors wish to report as follows:

1. Industry Structure and Development

It has been increasingly realised that only integrated units having control over the raw materials will be able to survive. Accordingly globally all the Steel Majors are consolidating and taking over the units which are not competitively placed and India is no exception as the phase of consolidation is visible.

The Indian economy is expected to grow by over 7-8% and the demand for steel is likely to be strong in view of the large government spending. Both Automobile and Consumer durable industries are showing robust growth. In contrast the entire world is facing the economic downturn. Across the world, most of the steel mills have curtailed their capacity by around 50% since Sept/Oct 2008. In the international market more than 40% of steel is bought through steel service centres. Globally the Steel Majors are out sourcing steel processing and distribution through Service and logistic centres, whereas in India it is hardly 5% indicating high growth prospect in the sector. Your company is evaluating the prospects of establishing Steel services and logistic management centres to capitalise the goodwill earned and contacts established over the last two decades so as to cater to the specific needs of the customers which are generally non core activities for the integrated plants. Further your directors also evaluating re-development and SRA projects in the Real Estate sector in the city of Mumbai and Pune.

2. Opportunities and Threats

The promoters have rich experience of over two decades in the steel and Real Estate business and have developed and established excellent business relationship with international steel players and realty developers which can be helpful to the Company to form a strategic alliance with them in the future. The goodwill of the promoters in the domestic market is a major strength.

However there exists a threat in the form of unstable global economic environment, Government and Regulatory framework, volatility in the Steel sector and Exchange rates and impact of international events on the Indian Economy

3. Segment - wise performance

Since your Company operates only in one segment, segment-wise or product wise analysis or performance is not applicable.

4. Outlook

Domestic steel consumption is expected in line with 7 to 8 % growth in GDP as per the projection of Government of India. The demand for steel is likely to be strong in view of the large government spending and strong demand from Automobile and White goods sectors which are showing robust growth. With the consolidation the Steel Majors generally out source non core activities to Service Centres. In India the out sourcing is hardly 5% as against 40% world over indicating high growth prospect for the sector. In view of this your company has decided to enter into this field such as setting one or two service / processing centre in and around Mumbai and Pune which has large demand due to presence of many units of auto/ auto ancillary and white good sectors. Further the demand for low cost housing as well as demand for redevelopment of existing properties is expected to go up which will help the company to grow in this sector also.

5. Risks and Concerns

Your Company is continuously evolving and improving systems and measures to take care of all the risk exigencies involved in our business.

6. Internal Controls and System

The company has implemented adequate internal control system enduring proper management information system and integration of various operations and functions of the organisation – all under one umbrella. This has resulted in harmonious monitoring and regulation of operations in a systemised manner in each and every activity of the Company. Correct use of funds, proper budgeting, efficient monitoring and its regulation by due approval and authorization policy enforcement have resulted in the use of funds in the most profitable and correct manner. All these have been implemented in every area commencing from raw materials, project implementation, and project monitoring, quality control and logistics.

7. The Internal Audit Program

All the actions taken last year by Internal Audit Program conducted by the external agency for self-assessment audit guides for conformity to the Indian Accounting Standards, prevailing Laws and Company Policies have been implemented and continue to be implemented. The Audit Committee appointed by the Board selectively reviews its adequacy, addresses the significant findings,



and follow up needs on such issues, which are given top priority and implemented ceremoniously.

8. Cautionary Statement

Statement made in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual result could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government Regulations, tax laws and other statutes and other incidental factors

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representations received from the operating management, confirm that :

- I. in the preparation of the annual accounts for the period ended 30th September 2009, the applicable accounting standards have been followed along with the proper explanation relating to material departures;
- II. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 & Loss of the Company for the year ended under review;
- III. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing & detecting;
- IV. the Directors have prepared the accounts on a going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with BSE & NSE, Management Discussion and Analysis, Corporate Governance Report, Auditors' Certificate regarding compliance of conditions of Corporate Governance and CEO Certificate on Code of Conduct is made as a part of the Annual Report.

AUDITORS

The Company's Auditors, M/s. V. Parekh & Associates, Chartered Accountants, retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have indicated their willingness to accept reappointment and have further furnished necessary Certificate in terms of Section 224 (1B) of the Companies Act, 1956.

The Audit Committee has considered and recommended the reappointment of M/s. V. Parekh & Associates, Chartered Accountants, Mumbai, as Statutory Auditors of the Company, to the Board of Directors. Your Directors have accepted the recommendation and recommend to the shareholders the re-appointment of M/s. V. Parekh &

Associates, Chartered Accountants, Mumbai as the Statutory Auditors of the Company.

AUDITORS' REPORT

The observations made by the Auditors in their Report referring to the Notes forming part of the Accounts are self-explanatory and therefore, do not require any further comments under Section 217(3) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

The 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 is given in the Annexure forming part of this Report. As regards the information in respect of foreign exchange earnings and outgo, the same has been given in the Notes forming part of the accounts for the period ended 30th September 2009

INDUSTRIAL/HUMAN RELATIONS

During the year employee relations continued to be cordial and harmonious at all levels and in all divisions of the Company. There was a total understanding of the Management objectives by the workers. The Company has consistently tried to improve its HR policies and processes so as to acquire, retain & nurture the best of the available talent in the Industry.

PARTICULARS OF THE EMPLOYEES

During the year, no employee of the Company was in receipt of remuneration exceeding the sum prescribed under Section 217 (2A) of the Companies Act, 1956. Hence, furnishing of particulars under the Companies (Particulars of employees) Rules, 1975 does not arise.

ACKNOWLEDGEMENT

The Board of Directors wishes to thank the Central Government, State Government, RBI, SEBI, The Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd. (NSE) for their cooperation in various spheres of your Company's functions. The Board of Directors express its gratitude for the cooperation extended by the Financial Institutions / Term Lenders/ Working Capital Consortium Bankers i.e. SICOM Ltd, Yes Bank Ltd, State Bank of Patiala , IDBI Ltd., Bank of Baroda, Allahabad Bank, Dena Bank, Federal Bank Ltd. , State Bank of India, State Bank of Indore , Union Bank and Exim Bank for their support.

Your Directors thank all its shareholders, clients and investors for their support during the year and looks forward to their continued support in the years to come.

Your Company has also gained considerably from the sincere and devoted services rendered by its employees at all levels. The Board of Directors wishes to place on record its appreciation of their efforts in enhancing the image of your Company in the global market.

*By order of the Board of Directors
For SHREE PRECOATED STEELS LTD.*

Date : 19th December, 2009
Place: Mumbai

R. S. AJMERA
Managing Director

SHREE PRECOATED STEELS LIMITED



PARTICULARS 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.

A) Conservation of Energy:

1. With the view to conserve and save on energy cost and improve profits, the Company pursued energy conservation measures vigorously.
2. This includes replacement of electrical vaporizer unit to non-electrical type by "flashing" type, saving Rs.70 lacs per year of energy by removing the electrical system.
3. Location of the plant air compressors as a battery under one roof outside shop premises ensuring ambient temperature much below shop temperature resulting in more volume of air for the units. Ambient temperature outside the building is 30°C average as against 40 - 45°C within the shop - an air quantity gain of over 5% of total air consumed by the plant.
4. Air output from compressor has increased at least by 5% for plant usage since then.
5. Installation of VVVF drives for fume exhaust system and roll coolant system has resulted in substantial power saving by operating the system as and when needed and as per needs.
6. Your Company endeavors to improve overall energy efficiency by installing efficient equipment.
7. Effective consumption measures have been met in all plant units to use only bare minimum lighting needed for working, including A.C. units resulting in 20% reduction in lighting system power consumption for entire plant.
8. SPSL have developed technology of paint thinners by refining the process by means of which leftover paints in paint drums for re-application is judiciously recovered up to 70% resulting into substantial savings in wastage of paint, conserving energy for color coating operation needs.
9. Total energy consumption and energy consumption per unit of production, are as per **Form-A** as below:

Form - A

ENERGY CONSUMPTION PER TONNE OF PRODUCTION

	Prod. Unit	KWH/MT
1	Pickling Line	8.8
2	Mill 1	137
3	Mill 2	135
4	Mill 3	105
5	CGL 1	90
6	CGL 2	108
7	CCL 1	290
8	CCL 2	75

B. Technology absorption :

Form - B

(a) Research & Development (R & D).

(i) Specific Area in which R&D carried out by the Company:

- a. Installation of clustered air wiping jets at entry and delivery of Mill-3 arresting substantial coolant carryover on strip resulting in elimination of coolant patches affecting downstream galvanizing operation, increasing downstream line yields and providing clean coils to the downstream operations.
- b. Replacement of Recuperator section of Non-ox with stainless steel tubes for efficient heat transfer and longevity of the unit for critical operation of Non-Ox heat recovery system.
- c. Additional radiant tubes of U-shape installed in radiant tube area of soaking section of galvanizing line no. 2 increasing heat capacity needed on strip for Drawing Quality (DQ).
- d. Your company has indigenously developed various modifications needed for running the line on Galvalume cycle with special snout electrical heaters and snout shutters for arresting zinc vapor and calm section for containing the zinc vapor from escaping into furnace.
- e. Your company has installed its own design of pre-melting pot 2 x 400 KW induction heaters for melting of Aluminium-Silicon alloy separately with heated launder for Galvalume operation.
- f. Your company has installed medium velocity and high precision velocity cooling nozzles and retractable plenum with pressure control and instrumentation for arresting strip fluttering at air knife rigs ensuring uniformity of zinc coating across the strip.
- g. Your company has installed separate piping system for connection of air to air knife units individually for

front and rear knives each to obtain low coating weights up to 100 grams/meter both sides at speeds beyond 120 m/minute.

- h. Your company has developed and installed its own technology of high pressure cleaning system (to be operated as wet skin pass on inline skin passing and tension leveling) by employing proprietary KARCHER nozzles resulting in absolutely clean spangle-free strip with increased customer acceptance by more than 1% increase in overall yield of the line with production capacity of 300,000 TPA.
- i. Your company has developed its technology for removing oily surfaces with specialized brushes without alkali and without alkali heating system.
- j. Your company has completed the engineering and R&D activities and equipped galvanizing line no.1 to process strip thickness up to 2 mm by modification of increased power drives, exit looper with winch drive mechanism, high power recoiler, furnace thermal automation and change of complete drive controls of all lines to derive optimum design capability and enhanced production from 25 TPH up to 30 TPH.

(ii) **Benefit Derived:**

- a. Coolant patches eliminated in cold rolling.
- b. Higher temperature cycles in Galvanizing line-2 furnace Drawing Quality grade and Deep Drawing Quality grade.
- c. Increased yield up to 1% by wet skin passing operation with high pressure 160 bar jets.
- d. Galvalume modifications resulted in product diversification by the company for value-added products.
- e. Increased capability of galvanizing 2 mm strip down to 0.2 mm in single line meeting wider market coverage.
- f. Zero-alkali consumption for strip cleaning system developed by the company besides no waste effluent arising with reduced furnace oil loading and reduced fuel consumption and better strip surface for cleaning resulting in further reduced dross arising.
- g. Location of compressors outside the building over ambient temperature with increased production of plant air needs.
- h. Vertical furnace by elimination of electrically heated vaporizers to Flash vaporizers without electrical heating as well as power saving by employing VVVF drive.

(iii) **Technology absorption, adaptation and innovation:**

1. Benefits derived by technology transfer agreement with M/s ThyssenKrupp of Germany in the areas of operating practice of complete CRM complex and quality control measures, as well as production know-how of Aluminum-Zinc coating on the existing setup have been utilized to the fullest extent with ThyssenKrupp submitting of technical documentation to be followed for incorporation of this know-how in the total plant units operation.
2. Your Company which established for the first time in the world, the near-infra red curing process and Revolving Thermal Oxidation process for Colour Coating Technology in color coating line#2, also acknowledged by European Coil Coaters Association in its conference held in May 2006 at Maastricht, Belgium since its commercial production on 1st October 2006 has been working till date.

(iv) **Environment:**

1. Your Company is glad to report that it continues to ensure that the air, water, and other environmental standards are achieved as per the prescribed norms.
2. Company has setup Acid Regeneration Plant for total recovery of waste acid, wherein the HCL escape from Chimney is contained below 5 PPM; similarly it helps in higher speeds of pickling line with increased productivity by balanced chemistry of Pickling line #1 acid tank.
3. Based on Maharashtra Pollution Control Board (MPCB) directive the company has programs of regenerating waste acid for other plants in the region, with its excess capacity of regeneration, thereby assisting in pollution control in & around Pune region.
4. Acid Regeneration Plant has generated low chlorine, high quality iron oxide with possible avenues for exports for critical applications and the company is trying for export of iron oxide which is underway.
5. Company treats all the cleaning (alkali) effluents, whereby it is totally cleaned by water treatment plants (ETP-1) and (ETP-2).
6. Company's furnaces are operated with pure propane eliminating harmful emissions from the stack extended to 30 meters height.
7. Company has also setup incinerator & revolving Thermal Oxidizer, which helps in total destruction of solvents from Paint Coating Line with CO₂ emissions well below 50 PPM as per international / Euro norms.
8. Following is the report, which presents the summary of the **treated water quality** standard achieved in relation to those prescribed.



SHREE PRECOATED STEELS LIMITED



Parameter	Unit	MPCB Norms	ETP – 1	ETP – 2
Ph	-	5.5 to 9.0	7.03	8.97
BOD	mg/lit	100	32.0	12.0
COD	mg/lit	250	72.0	28.0
TSS	mg/lit	100	57.0	58.0
TDS	mg/lit	2100	1896.0	2040.0
Chlorides	mg/lit	600	525.0	520.0
Sulphate	mg/lit	1000	933.0	913.0
Zinc	mg/lit	5	Nil	0.04
Hex Chromium	mg/lit	0.1	0.087	Nil
Tot. Chromium	mg/lit	2.0	0.12	Nil
Per. Sodium	mg/lit	60	5.5	5.8
Total Metal	mg/lit	10.0	Nil	Nil
Oil & Grease	mg/lit	10.0	Nil	Nil

The above parameters are as per requirements of MPCB consent No: BO/Pune-14710/CC/63 dated 18.03.2005 and Samples collected and analyzed by MPCB Regional Laboratory, Pune.

Details of Air Pollution Level Disclosure are as below:

Parameter	Unit	MPCB Norms	Boiler	C. C. L.	C. G. L.
SPM	mg/m ³	150	7.5	14.0	15.4
Acid mist	mg/nm ³	-	Nil	Nil	Nil
SO ₂	Kg/day	-	Nil	Nil	Nil
SO ₂ (Process)	PPM	50	Nil	Nil	Nil
Knox	Mg/m ³	50	Nil	Nil	Nil

CORPORATE GOVERNANCE REPORT

**A. Company's philosophy on Code of Governance:-**

Good governance practices stem from the culture and mindset of the organization. It is therefore, not merely about enacting regulations and procedures but also about establishing an environment of trust and confidence among various stakeholders. It is about demonstrating high level of integrity, transparency, accountability and disclosures across the company's operations and in its interaction with its stakeholders, including shareholders, customers, employees, the government, lenders and the society.

The Corporate Governance philosophy of the Company is driven by the following fundamental principles:

- conduct the affairs of the Company in an ethical manner
- ensure transparency in all dealings
- ensure highest level of responsibility and accountability
- ensure compliance with all laws and regulations
- ensure timely dissemination of all price sensitive information & matters of interest to stakeholders;
- Fair and equitable treatment of all its stakeholders including employees, customer, shareholders and investors
- A Sound system of internal control and risk management

Shree Precoated Steels Limited, through effective dissemination of information to the Directors and active interaction of the Board Members with Senior Management ensures effective oversight of the Company's businesses and activities.

B. Board of Directors:-**a. Composition & category of Directors:-**

As at 30.09.2009, the Board of Shree Precoated Steels Limited comprises of an Executive Chairman, two Executive Directors and three Non-Executive Independent Directors. The composition and category of Directors is as follows:

Name of Directors	Designation	Category	Appointed Date
Shri Chhotalal S. Ajmera	Chairman & Managing Director	Promoter & Executive	October 15, 2007
Shri Rajnikant S. Ajmera	Managing Director	Promoter & Executive	October 15, 2007
Shri Ishwarlal S. Ajmera	Director	Promoter & Executive	October 15, 2007
Shri Jagdish J. Doshi	Director	Independent & Non-Executive	May 1, 2009
Shri Ambalal C. Patel	Director	Independent & Non-Executive	May 1, 2009
Shri Ashok U. Katra*	Nominee Director – IDBI	Independent & Non-Executive	May 1, 2009

* Withdrawn w.e.f 13th November, 2009.

Apart from sitting fees paid for attending Board / Committee Meetings, the Non-executive Directors did not have any pecuniary relationship or transactions with the Company, during the period ended 30th September, 2009. All non-executive Directors with their diverse knowledge, experience and expertise provide valuable contribution in the deliberations and decisions of the Board.

b. Attendance at the Board Meeting for the period ended 30th September, 2009 & the last Annual General Meeting and other directorship & Memberships in other Boards and Board Committees:-

Name of Directors	Attendance		Directorship in other Public Limited Companies		Memberships / Chairmanships in Committees
	Board Meetings	Last AGM	Listed	Unlisted	
Shri Chhotalal S. Ajmera	14	Yes	1	3	-
Shri Rajnikant S. Ajmera	15	Yes	1	4	1
Shri Ishwarlal S. Ajmera	15	Yes	1	3	1
Shri Jagdish J. Doshi	2	-	1	2	2
Shri Ambalal C. Patel	1	-	9	3	1
Shri Ashok U. Katra*	1	-	-	-	-

None of the Directors were a Member in more than Ten Committees or a Chairman in more than five Committees across all Companies in which he was a Director.

*Withdrawn by IDBI w.e.f.13th November, 2009.


c. Number of Board Meetings held:-

During the period ending 30th September, 2009, 15 Board Meetings were held on the following dates:

Date of Meeting	Directors Present
03/06/2008	3
30/06/2008	3
10/07/2008	3
15/07/2008	3
23/07/2008	3
31/07/2008	3
15/12/2008	3
13/03/2009	3
20/03/2009	3
06/04/2009	3
17/04/2009	3
27/04/2009	3
30/04/2009	3
20/05/2009	4
23/07/2009	5

C. AUDIT COMMITTEE
Constitution and Composition:-

Shree Precoated Steels Limited continued to derive immense benefits from the deliberation & valuable advices of the Audit Committee. Shri Ambalal C. Patel is the Chairman of the Committee along with Shri Jagdish Doshi and Shri Rajnikant S. Ajmera are the Members of the Committee.

The terms of reference of the Audit Committee are:-

1. To review the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. To recommend to the Board, the appointment, re-appointment of the statutory auditor, fixation of audit fees and approval of payment to statutory auditors for any other services rendered by the statutory auditors alongwith reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
3. To review, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Compliance with listing and other legal requirements relating to financial statements
 - c. Disclosure of any related party transactions
 - d. Qualifications in the draft audit report.
4. To review, with the management, the quarterly financial statements before submission to the board for approval.
5. To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage, frequency of internal audit and to periodically interact with internal auditors, any significant findings and follow up there on.

6. To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

7. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

Meetings and attendances:-

Audit Committee was constituted as on 20th May, 2009. During the period ended as on 30th September, 2009, 1 (One) Audit Committee Meeting was held since its constitution.

The Meetings were scheduled well in advance. The Meeting was also attended by the Head of Finance and Internal Audit functions, the Statutory Auditors of the Company, Concurrent Auditors, Internal Auditors and those executives of the Company whose presence were considered necessary. The Company Secretary acted as the Secretary to the Audit Committee.

Name of Directors	No. of Meetings attended
Shri Jagdish J. Doshi	1
Shri Ambalal C. Patel	1
Shri Rajnikant S. Ajmera	1

REMUNERATION TO DIRECTORS

- a. No remuneration was paid to the Managing Director/ Executive Director of the Company.
- b. Sitting fees was paid to the Non-Executive Directors as following

Name of Director	Sitting Fees
Shri Jagdish J. Doshi	5,000
Shri Ambalal C. Patel	5,000
Shri Ashok U.Katra	-
TOTAL	10,000

1. No commission or fixed components & performance linked incentives have been paid to the Non-Executive Directors.
2. The Company has not yet introduced any stock options for its Directors/Employees.
3. All the Executive Directors have a contract period of 5 years and either party is entitled to terminate the Contract by giving not less than six months notice in writing to the other party.
4. No severance fees is payable to any of the aforementioned Executive Directors.

D. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders Grievance Committee of the Company comprises of three Directors viz. Shri Jagdish Doshi as Chairman, Shri Rajnikant S. Ajmera, Shri Ishwarlal S. Ajmera as Members. Mr. O. P. Gandhi Company Secretary has been nominated as the Compliance Officer to ensure the due compliance of SEBI requirements and to look into shareholders' grievances on a day-to-day basis and to liaise with SEBI in the matter of investors' complaints.



The term of reference of the Committee includes attending to requests received for transfer, split, Consolidation as well as issue of duplicate share certificates, and other allied matters like dematerialization of Shares etc. and completing the process the dispatches of share certificates well with in the stipulated time.
During the period ended 30th September, 2009 the Committee met 7 times. The composition and the Meetings attended by the Members are as under:-

Name of Director	No. of Meetings attended
Shri Rajnikant S. Ajmera	7
Shri Jagdish J. Doshi	7
Shri Ishwarlal S. Ajmera	7

Share transfers / transmissions etc. as approved by the Committee are notified to the Board at regular intervals and are taken on record by the Board at their Meetings.

Number of complaints received from the shareholders during the period 20 th May, 2009 to 30 th September, 2009	17
Number of Complaints solved to the satisfaction of the Shareholders as on 30 th September, 2009	17
Number of pending complaints / share transfers as on 30 th September, 2009	NIL

Name, designation & address of Compliance Officer:-

Shri O. P. Gandhi

Company Secretary

"Citi Mall", Link Road, Andheri (West),

Mumbai – 400 053

Email: investors@ajmera.com

Tele: (022) 6698 4000

Fax: (022) 2632 5902

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct and ethics for the Director and Senior Management in respect of the period ended 30th September, 2009.

**(Rajnikant S. Ajmera)
Managing Director**

E. CODE OF CONDUCT

Pursuant to amended Clause 49 of the Listing Agreement, the Company has adopted a Code of Conduct for Director and Senior Management of the Company. While laying down the code in detail, the standards of business conduct, ethics and governance, centers around the following philosophy:

Philosophy:

"Shree Precoated Steels Limited" (SPSL) is committed to conducting its business in accordance with the applicable laws, rules and regulations and with highest standards of business ethics. This code is intended to provide guidance and help in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and to help foster a culture of honesty and accountability. Each Director, Officer and Employee is expected to comply with the letter and spirit of this Code.

The Directors, Officers and Employees of the Company must not only comply with applicable laws, rules and regulations but should also promote honest and ethical conduct of the business. They must abide by the policies and procedures that govern the conduct of the Company's business. Their responsibilities include helping to create and maintain a culture of high ethical standards and commitment to compliance and to maintain a work environment that encourages the stakeholders to raise concerns to the attention of the management"

A Copy of the Code has been put on the Company's website www.spsl.com

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them.

**A Declaration signed by the Managing Director is given below:
I hereby confirm that:**

F. SHAREHOLDERS

(i) Disclosure regarding appointment or reappointment of Directors:-

Shri Rajnikant S. Ajmera is retiring by rotation and is eligible for reappointment. Being eligible, he has offered himself for reappointment. His attendance in the Board/General Meeting has been given in Table 1.

Shri. Rajnikant S. Ajmera holds Directorship in following companies in addition to his Directorship in Shree Precoated Steels Limited:-

Name of the Company

1. AG Estates Private Limited.
2. Ajmera Cements Private Limited.
3. Ajmera Steel Strips Limited.
4. Bombay Freezco Private Limited.
5. Gujarat Funworld Limited
6. Kunnuj Investment Private Limited.
7. Nilkant Tech Park Private Limited.
8. Shree Ram Estates Limited.
9. Yogi Nagar Vasahat Private Limited.
10. Jolly Brothers Private Limited
11. Ajmera Biofuel Ltd.
12. Seamless Capsules Pvt. Ltd.
13. Ajmera Builders (Banglore) Pvt Ltd.
14. Ajmera Realty & Infra India Ltd.
15. Ajmera Estates (Karnataka) Pvt Ltd.
16. Ajmera Citi Developers Pvt. Ltd
17. Ajmera Realcon Pvt. Ltd.
18. Ajmera Realty Ventures Pvt. Ltd.

(ii). Communication to shareholders:-

- a. Shree Precoated Steels Limited recognizes communication as a key element of the overall Corporate Governance framework, and therefore emphasizes continuous, efficient, and relevant communications to all external constituents. The

SHREE PRECOATED STEELS LIMITED



corporate communications and investor relation functions are accorded the highest level of importance within the Company, with active ongoing monitoring by, and involvement of, the top management.

- b. The annual, half-yearly and quarterly results are regularly posted by the Company on its website, www.spsl.com. These are also submitted to The Bombay Stock Exchange Ltd. (BSE) and National

Stock Exchange of India Ltd (NSE) in accordance with the Listing Agreement.

- c. Your Company's quarterly, half-yearly and annual financial results are published in the Free Press Journal (in English) and Navshakti (in Marathi).
- d. Shree Precoated Steels Limited communicates corporate financial and product information, online, on its Website, www.spsl.com with details of plants, product ranges & specifications.

G. SHARE HOLDERS INFORMATION

(i) General Body Meetings:

The details of the last* Annual General Meetings held is as follows:

Year	No. of AGM	Date and Time of AGM	Venue
17/09/2007-31/03/2008	1st	26th September, 2008 at 12.30 p.m.	"CitiMall", 2nd Floor, Andheri New Link Road, Mumbai-400 053

* The company was incorporated on 17th September, 2007.

Further the company has not passed any special resolution in the Annual General Meeting and has not exercised postal ballot till date.

EXTRA ORDINARY GENERAL MEETING:

The details of Extra Ordinary General Meetings held during the period ended as on 30th September, 2009 are as follows:

No of EGM	Date and Time of EGM	Venue	Purpose
1	30 th June, 2008 at 3.00 P.M	"CitiMall", 2nd Floor, Andheri New Link Road, Mumbai-400 053	To increase authorised capital from Rs.1,00,000(One Lakh) to Rs.5,00,000(Five Lakh).
2	16 th July, 2008 at 11.30 P.M	"CitiMall", 2nd Floor, Andheri New Link Road, Mumbai-400 053	To alter Memorandum of Association, conversion into public company, adoption of Articles of Association, Change of name to Ajmera Precoated Steels Ltd.
3	12 th January , 2009 at 12.30 P.M	"CitiMall", 2nd Floor, Andheri New Link Road, Mumbai-400 053	To cancel paid up Equity Capital. Pursuant to composite scheme of arrangement.
4	6 th April, 2009 at 3.30P.M	"CitiMall", 2nd Floor, Andheri New Link Road, Mumbai-400 053	To increase Authorised capital from Rs.5,00,000(Five Lacs) to Rs. 85,00,00,000 (Eighty Five Crores) and grant powers under Section 293(1)(a) and Section 293(1)(d) of Companies Act, 1956.
5	8 th April, 2009 at 3.00P.M	"CitiMall", 2nd Floor, Andheri New Link Road, Mumbai-400 053	To change name to Shree Precoated Steels Limited.
6	7 th September, 2009 at 3.00 P.M.	"CitiMall", 2nd Floor, Andheri New Link Road, Mumbai - 400 053	To obtain consent & approval of the Shareholders under section 293 (1)(a) of the Companies act 1956. To sell Steel business of company to Essar Steel Limited

(ii). **Disclosures:-**

- a. The particulars of transaction between the company and its related parties as per Accounting Standard are set out in schedule 17 point 18 of Notes to Accounts of Annual Report. However, these transactions are not likely to have material conflict with the company's interest.
- b. No penalties / strictures have been imposed on the Company by Stock Exchanges or SEBI or any Statutory Authority, on any matter related to capital markets, during the last two years.
- c. Whistle Blower Policy : There is not Whistle Blower Policy adopted by the Company.
- d. The Company has complied with all statutory compliance.

(iii). **General Information:-****1. Annual General Meeting:-**

- | | |
|-----------------------|--|
| a. Day, Date and Time | Saturday, 30th January, 2010 at 11.30 A.M. |
| b. Venue | "CITIMALL", 2ND FLOOR,
ANDHERI NEW LINK ROAD, ANDHERI (W),
MUMBAI-400 053 |

2. Financial Calendar (Tentative):-

- | | |
|--|--|
| a. Period Ending | September 30, 2009 |
| b. Annual General Meeting | 30th January, 2010 |
| c. Audited Results of the Company for the period ending on 30th September, 2009. | Within Three Months from the end of the Financial Year |

3. Book Closure Date

Saturday, 23rd January, 2010 to
Saturday, 30th January, 2010 (both days inclusive)

4. Listing on Stock Exchanges

The Bombay Stock Exchange Ltd. (BSE)
National Stock Exchange of India Ltd. (NSE)

5. a. Stock Code in the Bombay Stock Exchange, Mumbai – (BSE)

533110

b. Stock Code in the National Stock Exchange – (NSE)

SHPRE

c. Demat in ISIN numbers in NSDL & CDSL for Equity Shares

ISIN No. INE-318K01017

During the year under review, the Company has paid the Annual Listing fees payable to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Limited (NSE), in full.

6. Market Price Data:-

During the period under review, the shares of the company were not listed. However, the market price data from the date of listing till the date of signing the Corporate Governance report is given as under.

Share Price data for the period 15th October, 2009 to 19th December, 2009

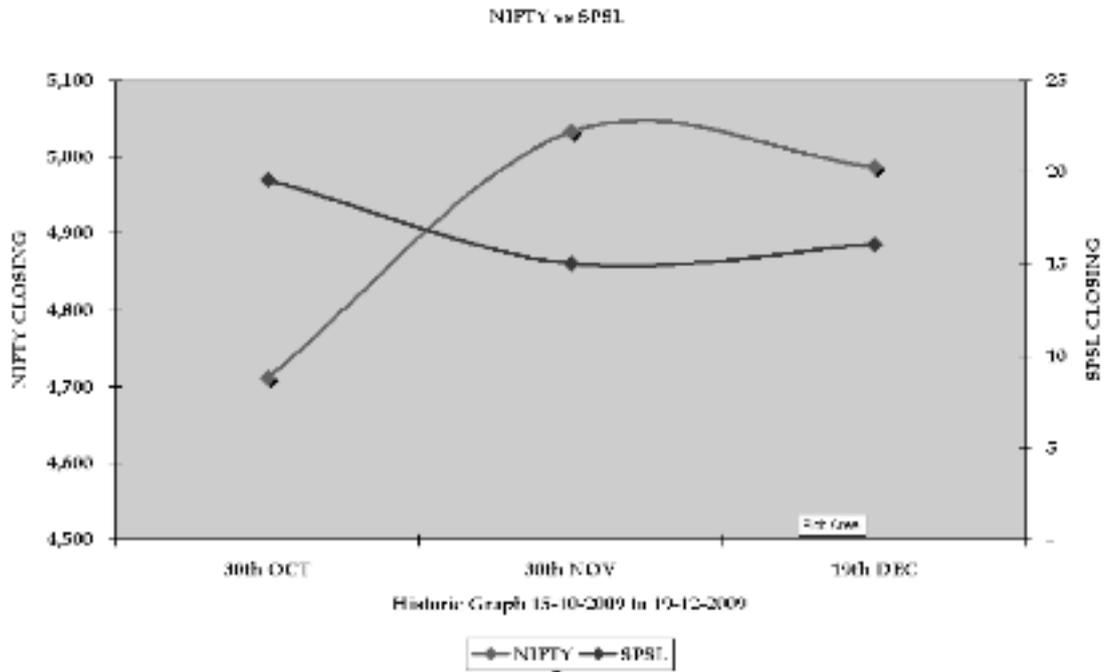
Month	BSE				NSE			
	High Price	Low Price	SENSEX (Closing)	No. of Shares Traded	High Price	Low Price	NIFTY (Closing)	No. of Shares Trade
Oct, 2009	50.00	12.75	15,896.28	30892758	44.10	12.95	4711.70	21815938
Nov, 2009	21.20	13.90	16926.22	10166552	21.55	13.90	5032.70	8066321
Dec, 2009	18.25	14.10	16601.21	3233658	18.15	15.00	4987.70	2179900

SHREE PRECOATED STEELS LIMITED

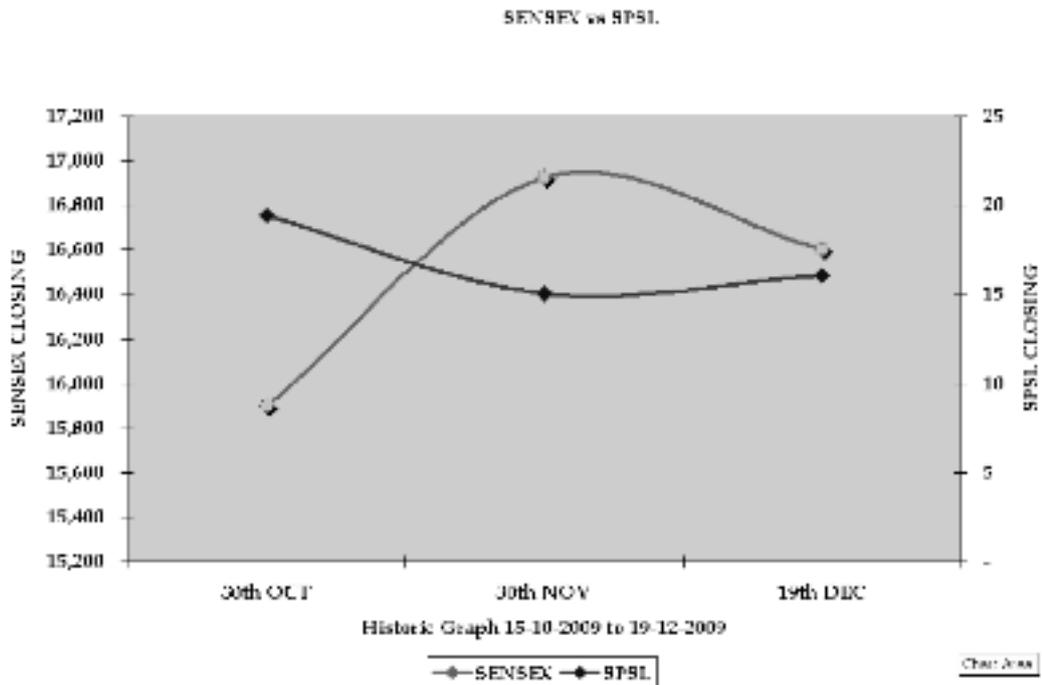


Stock Price Performance of the Shares of the Company vis-a-vis major indices

A. SHARE PRICE vs. NIFTY



B. SHARE PRICE vs. SENSEX





**7. Registrar & Transfer Agent:-
Registered Office:-**

Sharex Dynamics (India) Pvt. Limited
17 / B, Dena Bank Bldg., 2nd Floor,
Horniman Circle, Fort, Mumbai 400 001
Email: sharexindia@vsnl.com
Website: www.sharexindia.com
Tel: 9122 2270 2485
9122 2264 1376
Fax: 9122 2264 1349

Branch Office:-

Unit 1, Luthra Industrial Premises,
Safed Pool, Andheri Kurla Road,
Andheri (E), Mumbai 400 072
Tel: 9122 2851 5606
9122 2851 5644
Fax: 9122 2851 2885

8. Share transfer system:-

- To expedite the share transfer process in the physical segment, authority has been delegated to the Shareholder's / Investor's Grievance Committee. The Committee looks into redressal of investors' grievances pertaining to share transfers and other related matters concerning the Shareholders / investors.
- The Company is affecting the share transfer and returning the same within 21 days from the date of receipt, provided the documents are valid and complete in all respects. The Investor's Grievance Committee approves in their Meeting and sends to Registrar and Share Transfer Agent who will proceed to dispatch the share certificates, duly endorsed in favour of the transferor / transferee.
- Total number of Shares transferred in physical category during the period under review were 672 Total number of Shares transferred to Demat category during the period under review were 79744.

In CDSL 77980

In NSDL 1764

9. Distribution of shareholdings:-

Table 2: Distribution of shareholdings according to size class as on 30th September, 2009:-

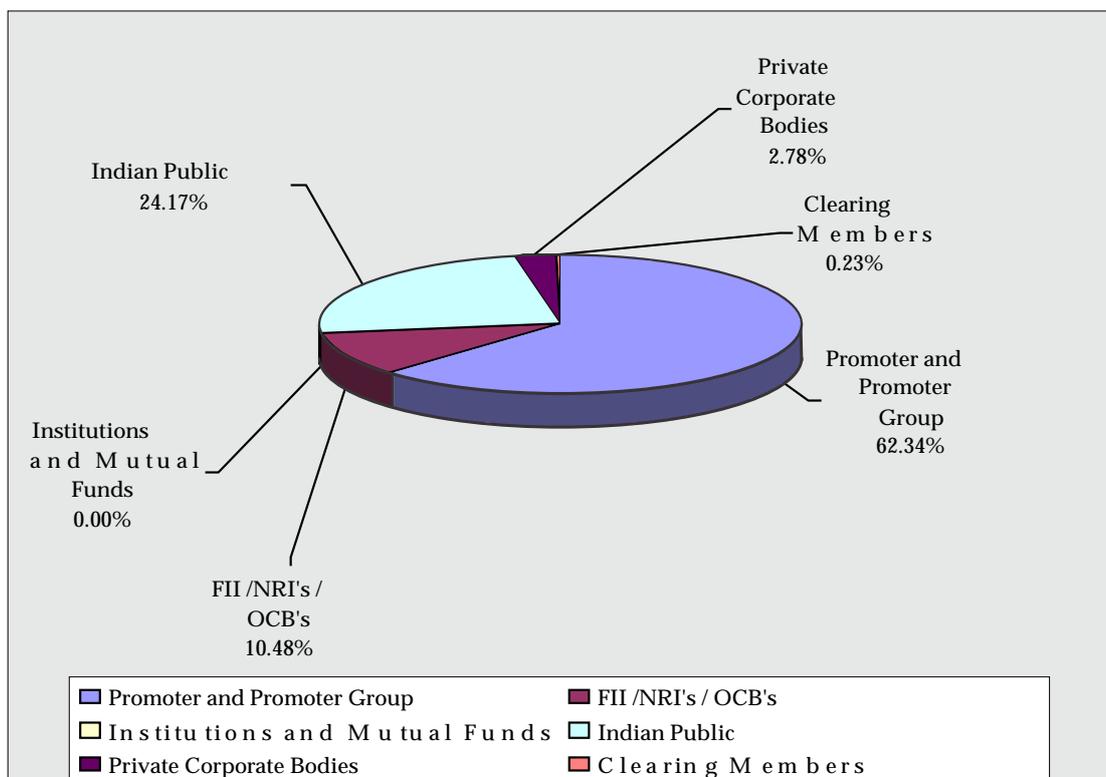
No. of Shares	Number of shareholders		Shares held in each class	
	Number	%	Number	%
Up to 100	39031	84.55	753391	0.91
101 to 200	2772	6.00	383354	0.46
201 to 500	2269	4.92	703818	0.85
501 to 1,000	912	1.98	636314	0.77
1,001 to 5,000	864	1.87	1833148	2.21
5,001 to 10,000	97	0.21	675691	0.82
10,001 to 100,000	103	0.22	3005414	3.63
100,001 to above	114	0.25	74806912	90.35
Total	46162	100.00	82798042	100.00

Table 3: Distribution of shareholdings across categories as on 30th September, 2009:-

Sr. No	Category	Percentage-%
1.	Promoter Holding	62.468
2.	NRI's/OCB's/FII's	10.504
3.	Institutions & Mutual Funds	0.001
4.	Indian Public	24.219
5.	Private Corporate Bodies	2.786
6.	Clearing Members	0.23

SHREE PRECOATED STEELS LIMITED

SHAREHOLDING PATTERN AS ON 30TH SEPTEMBER, 2009



10. Dematerialization of shares:-

- As on 30th September, 2009, 82485530 (99.625 % of the total number of Shares) Equity shares are in dematerialized form.
- As on 15th October, 2009, the Company's Shares are traded under 'B' Category in the Bombay Stock Exchange (BSE).

11. Outstanding GDR's / ADR's / Warrants or any convertible instruments, conversions date and likely impact on Equity.

:- The Company has not issued GDR's / ADR's / Warrants or any convertible instruments so far.

12. Plant location

:- Gate No. 740, Sanaswadi, Pune Nagar Road, Pune – 412 208 (Maharashtra) (Transferred to Essar Steel Limited as per BTA w.e.f. 29th October, 2009)

13. Address for correspondence for Investors

:- **Shri O. P. Gandhi**
Company Secretary
Shree Precoated Steels Limited.
 "Citi Mall", 2nd Floor, Link Road, Andheri (West),
 Mumbai – 400 053

Tel.: 91-22-6698 4000
 Fax: 91222632 5902
 e-mail: investors.spsl@ajmera.com
 Internet: www.spsl.com

14. Investor Grievances

:- The company has designated an exclusive e-mail id viz. investors.spsl@ajmera.com to enable the investors to register their grievances



Chief Executive Officer (CEO) Certification



CEO Certification

I, Rajnikant S. Ajmera, Managing Director of Shree Precoated Steels Limited, to the best of my knowledge and belief, certify that:

1. I have reviewed the balance sheet and profit and loss account and all its schedules and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on my knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on my knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of, the company's affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations;
4. To the best of my knowledge and belief, no transactions entered into by the company during the year are fraudulent, illegal or violative of the company's code of conduct;
5. I am responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the company, and I have:
 - a) Designed such disclosure controls and procedures to ensure that material information relating to the company is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the company's disclosure, controls and procedures. And
 - d) disclosed in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting
6. I have disclosed based on our most recent evaluation, wherever applicable, to the company's auditors and the audit committee of the company's Board of Directors (and persons performing the equivalent functions)
 - a) all deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarize and report financial data, and have identified for the company's auditors, any material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies;
 - b) significant changes in internal controls during the year covered by this report;
 - c) all significant changes in accounting policies during the period under review, if any, and that the same have been disclosed in the notes to the financial statements.
 - d) Instances of significant fraud of which I am aware, that involves management or other employees who have a significant role in the company's internal controls system;
7. In the event of any materially significant misstatements or omissions, we will return to the company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors, as decided by the audit committee;
8. I affirm that we have not denied any personnel, access to the audit committee of the company (in respect of matters involving alleged misconduct) and we have provided protection to 'whistle blowers' from unfair termination and other unfair or prejudicial employment practices.

Place: Mumbai
Date : 19th December, 2009

Rajnikant S. Ajmera
Managing Director

SHREE PRECOATED STEELS LIMITED



auditor's certificate on corporate governance

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

**The Members,
Shree Precoated Steels Limited
(Formerly Known as Ajmera Precoated Steels Limited)
Mumbai.**

We have examined the records concerning the Company's compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into by the Company with The Bombay Stock Exchange, (BSE) and National Stock Exchange of India Limited (NSE) for the period ended 30th September 2009.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. The objective of our examination is to give our opinion on whether the Company has complied with the conditions of Corporate Governance as stipulated in the provisions of Clause 49 of the Listing Agreement entered into by the Company with BSE and NSE. 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 an opinion on the financial statements of the Company.

We have conducted our examination on the basis of the relevant records and documents maintained by the Company and furnished to us for examination and the information and explanations given to us by the Company. Based on such examination, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement of BSE and NSE.

We state that there are no investor's grievances pending against the Company for the period exceeding one month as at 30th September 2009 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 to the efficiency with which the management has conducted the affairs of the Company.

**For and on behalf of
V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS**

**Place : Mumbai
Dated : 19th December 2009**

**RASESH V. PAREKH - PARTNER
Membership No. 38615**

AUDITOR'S REPORT



auditor's report

The Members,
Shree Precoated Steels Limited
(Formerly Known as Ajmera Precoated Steels Limited)
Mumbai.

1. We have audited the attached Balance Sheet of Shree Precoated Steels Limited (Formerly Known as Ajmera Precoated Steels Limited) as at 30th September 2009, the Profit & Loss Account and also the Cash Flow Statement for the 18 month period ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section (4A) of Section 227 of the Companies Act, 1956 of India (the "Act"), we enclose in the Annexure a statement of the matters specified in paragraph 4 and 5 of the said order.
 4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of the books of account.
- c) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the attached Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred in Sub - Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of the written representations received from the directors except nominee Director and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 30th September 2009 from being appointed as a director in terms of Section 274 (1) (g) of the Act.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said statement of accounts read with other notes thereon give the information required by the Act, in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of Balance Sheet, of the state of affairs of the Company as at 30th September, 2009;
 - ii. In the case of Profit and Loss Account of the Loss of the Company for the 18 month period ended on that date; and
 - iii. In the case of the Cash Flow Statement of the cash flows for the period ended on that date.

For and on behalf of
V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS

RASESH V. PAREKH - PARTNER
Membership No. 38615

Place : Mumbai
Dated : 19th December 2009



ANNEXURE REFERRED TO IN PARA 3 OF OUR REPORT OF EVEN DATE

- i. In respect of it's Fixed Assets:
 - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
 - b. The fixed assets have been physically verified by the Management at reasonable intervals. No material discrepancies were noticed during the course of such verification.
 - c. The disposal of part of fixed assets, in our opinion has not affected the going concern.
- ii. In respect of it's inventories:
 - a. The physical verification of inventories has been conducted at reasonable intervals by the Management.
 - b. In our opinion and according to the explanations given to us, the procedures for physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - c. In our opinion and according to the explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were observed during the course of physical verification.
- iii.
 - a. The Company has not granted any loans to any entity covered in the register maintained under Section 301 of the Act.
 - b. The Company has taken interest free unsecured loans from five companies and fourteen promoters covered in the register maintained under section 301 of the Act. The maximum amount involved during the period was Rs. 30836.39 lacs and period end balance of the loans taken from such companies and promoters was Rs. 9006.73 lacs. The loans from promoters are taken as per the stipulation of the lending institution and banks.
 - c. in our opinion and according to the information and explanations given to us, the term and conditions on which loan have been taken from companies, firm or other parties listed in the register maintained under section 301 of the companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - d. There are no stipulations as to the repayment of the loans taken as the same are repayable on demand on fulfilling of requirement of lending institutions and banks.
- iv. In our opinion, and according to the explanations given to us, the Company has adequate internal control systems commensurate with the size of the Company with regard to the purchase of inventory, fixed assets and sale of goods. During the course of our audit no major weakness has been noticed in the internal controls. We have not observed any failure on the part of the Company to correct major weakness in internal control system.
- v.
 - a. Based on the audit procedures applied by us and according to the information and explanations provided to us by the Management, we are of the opinion that the particulars of the contract or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
 - b. According to the information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under Section 301 of the Act have been made at prices which are reasonable having regard to prevailing market prices at relevant time.
- vi. In our opinion and according to the explanations given to us the Company has not accepted any deposits within the meaning of Section 58A and Section 58AA or any other relevant provisions of the of the Act and the rules framed there under.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Act in respect of activities of the Company. We have broadly reviewed the accounts and records have been made and maintained. We have not, made a detailed examination of the same.
- ix.
 - a. According to the information and explanations given to us the Company is regular in depositing with appropriate authorities, undisputed statutory dues including provident fund, investor education fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues to the extent applicable to it.
 - b. In respect of Contingent dues on account of sales tax, service tax and custom duty dues disputed by the Company including liability of the unit vested into the company pursuant to demerger and not being paid vis-à-vis forums where such disputes are pending are mentioned below:

Name of Statute	Nature of Dues	Amount (Rs. in Lacs)	Period to which amount relates	Forum where pending
West Bengal Sales Tax Act.	Ex- Parte Order passed	1.00	1997-98 & 1998-99	The Company is in the process of filing appeal
Service Tax	GTA of Services	22.85	2005 - 2006	Appeal has been filed in CESTAT.
Service Tax	Cenvat credit on Service Tax	95.84	2006 - 2007 & 2007 - 2008	Appeal has been filed in CESTAT.
Service Tax	Service Tax on export sales commission	47.38	2004 - 2005 & 2005 - 2006	Commissioner of service Tax
Custom Act	Fine Penalty	15.00 5.00	2006 - 2007	Appeal has been filed in CESTAT.



- x. As the company is registered for a period less than five years, hence the clauses related to accumulated losses and cash loss incurred are not applicable.
- xi. In our opinion and according to information and explanation given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holder.
- xii. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the Company is not a Chit Fund or a Nidhi / Mutual Benefit Society. Therefore, the provisions of clause are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly the provisions of the clause are not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us the Company has not given any guarantees for loans taken by others from banks and institutions
- xvi. Based on the information and explanations given to us by the Management, term Loans obtained during the year were applied for the purpose for which the loans were obtained.
- xvii. According to the information and explanation given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares to any of the entities/ persons covered in the register maintained under Section 301 of the Act. However share capital issued during the period is based on the demerger scheme (refer note no 4 of schedule 17).
- xix. The Company has not issued any debentures during the period, which required creation of security or charge.
- xx. The company has not raised any money by public issue during the period ended.
- xxi. Based on the audit procedures performed and information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the period ended.

For and on behalf of
V. PAREKH & ASSOCIATES
CHARTERED ACCOUNTANTS

Place : Mumbai
Dated : 19th December 2009

RASESH V. PAREKH - PARTNER
Membership No. 38615

SHREE PRECOATED STEELS LIMITED



balance sheet

Balance Sheet as at 30th September 2009

(Rs. in Lacs)

	Schedule	As at 30th September 2009	As at 31st March 2008
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	8,279.80	1.00
Reserves and Surplus	2	22,028.46	-
		30,308.26	1.00
Loan Funds			
Secured Loans	3	46,964.00	-
Unsecured Loans	4	12,416.53	-
		59,380.53	-
Deferred Tax Liability/ (Asset) (Refer Note 15 of Schedule 17)		(2,339.32)	-
TOTAL FUNDS EMPLOYED		87,349.47	1.00
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	86,356.05	-
Less :- Depreciation		24,827.28	-
Net Block		61,528.77	-
Capital Work - in - Progress		1,204.55	-
		62,733.32	-
Current Assets, Loans & Advances			
Inventories	6	36,615.61	-
Sundry Debtors	7	22,134.43	-
Cash and Bank Balances	8	6,911.75	0.89
Loans and Advances	9	10,193.91	-
		75,855.70	0.89
Less : Current Liabilities & Provisions			
Current Liabilities	10	66,312.23	-
Provisions	11	246.12	-
		66,558.35	-
Net Current Assets		9,297.35	0.89
Miscellaneous Expenditure		-	0.11
Debit Balance of Profit & Loss Account		15,318.80	-
TOTAL FUNDS APPLIED		87,349.47	1.00
Significant Accounting Policies and Notes to Accounts	17		

As per our Audit Report of even date
For and on behalf of
V. PAREKH & ASSOCIATES
Chartered Accountants

RASESH V. PAREKH PARTNER
Membership No. 38615

Place : Mumbai
Dated : 19th December 2009

For and on behalf of Board
CHHOTALAL S. AJMERA - CHAIRMAN & MANAGING DIRECTOR

RAJNIKANT S. AJMERA - MANAGING DIRECTOR

O. P. GANDHI - COMPANY SECRETARY

Place : Mumbai
Dated : 19th December 2009

Profit & Loss Account for
the Eighteen Months period ended 30th September 2009

(Rs. in Lacs)

	Schedule	18 Months period ended 30th September 2009	Year ended 31st March 2008
INCOME			
Sales		231,162.44	-
Less: Excise Duty		15,065.80	-
		216,096.64	-
Other Income	12	1,563.83	-
(Decrease) in Inventories	13	(6,772.15)	-
TOTAL		210,888.32	-
EXPENDITURE			
Material Consumed		166,219.27	-
Personnel Expenses	14	3,548.90	-
Manufacturing and Other Expenses	15	37,334.51	-
Interest	16	14,432.76	-
Excise Duty on Stock of Finished goods (net of opening provision considered as per Demerger scheme)		1,334.79	-
Depreciation		5,626.94	-
TOTAL		228,497.17	-
Loss for the Period		17,608.85	-
Provision for Taxation			
For the Current Period			
- Fringe Benefit Tax		46.60	-
- Wealth Tax		2.66	-
		49.27	-
Loss after Tax (Before Deferred Tax)		17,658.12	-
Deferred Tax Assets		(2,339.32)	-
Loss After Deferred Tax Assets		15,318.80	-
Balance carried to Balance Sheet		15,318.80	-
Earning per share :			
(Refer Note 23 of Schedule 17)			
Basic & Diluted Earnings per share		(18.50)	-
Significant Accounting Policies and Notes to Accounts	17		



profit & loss account

As per our Audit Report of even date
For and on behalf of
V. PAREKH & ASSOCIATES
Chartered Accountants

RASESH V. PAREKH PARTNER
Membership No. 38615

Place : Mumbai
Dated : 19th December 2009

For and on behalf of Board
CHHOTALAL S. AJMERA - CHAIRMAN & MANAGING DIRECTOR

RAJNIKANT S. AJMERA - MANAGING DIRECTOR

O. P. GANDHI - COMPANY SECRETARY

Place : Mumbai
Dated : 19th December 2009

SHREE PRECOATED STEELS LIMITED



Cash Flow Statement for the Eighteen Months period ended 30th September 2009

(Rs. in Lacs)

18 months period ended
30th September 2009

	18 months period ended 30th September 2009
A) CASH FLOW FROM OPERATING ACTIVITIES	
Net Loss for the period before Taxes and adjustments	(17,608.85)
<u>Adjustment for :</u>	
Depreciation and Write offs	5,737.45
Interest (Net)	14,432.76
Loss (Net) from Sale of Fixed Assets	20.15
Operating Profit before Working Capital Changes	2,581.50
<u>Adjustment for :</u>	
Trade and Other Receivables	1,040.35
Inventories	2,289.54
Trade Payable	24,595.43
Cash Generated from Operations	30,506.82
Interest (Net) Paid	(14,432.76)
Taxes Paid	(49.27)
NET CASH FLOW FROM OPERATING ACTIVITIES	16,024.79
B) CASH FLOW FROM INVESTING ACTIVITIES	
Increase in Fixed Assets (Including Capital Work-in-Progress)	(15,730.15)
Sale of Fixed Assets	1,686.69
NET CASH FLOW FROM INVESTING ACTIVITIES	(14,043.46)
C) CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds From Long Term Borrowings	3,165.74
Proceeds From Short Term Borrowings	11,854.08
Proceeds From Unsecured Loans	(15,216.42)
NET CASH FLOW FROM FINANCING ACTIVITIES	(196.60)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS(A+B+C)	1,784.74
1) OPENING BALANCE OF CASH AND CASH EQUIVALENTS OF THE PERIOD (AS PER THE DEMERGER SCHEME)	5,127.01
2) CLOSING BALANCE OF CASH AND CASH EQUIVALENTS OF THE PERIOD	6,911.75

As per our Audit Report of even date
For and on behalf of
V. PAREKH & ASSOCIATES
Chartered Accountants

RASESH V. PAREKH PARTNER
Membership No. 38615

Place : Mumbai
Dated : 19th December 2009

For and on behalf of Board
CHHOTALAL S. AJMERA - CHAIRMAN & MANAGING DIRECTOR

RAJNIKANT S. AJMERA - MANAGING DIRECTOR

O. P. GANDHI - COMPANY SECRETARY

Place : Mumbai
Dated : 19th December 2009

cash flow statement

Schedules forming part of Balance Sheet as at 30th September 2009

(Rs. in Lacs)

	As at 30th September 2009	As at 31st March 2008
SCHEDULE - 1 : SHARE CAPITAL		
AUTHORISED		
8,50,00,000 (Previous Year 10,000) Equity Shares of Rs. 10/- each.	8,500.00	1.00
	8,500.00	1.00
Issued, Subscribed & Paid Up Capital		
8,27,98,042 (Previous year 10,000) Equity Shares of Rs. 10/- each fully paid-up (see note no 4(c) of schedule 17)	8,279.80	1.00
	8,279.80	1.00
SCHEDULE - 2 : RESERVES & SURPLUS		
Capital Reserve (As per Demerger Scheme) (See Note No.5 of Schedule 17)	30.00	-
General Reserve Account (As per Demerger Scheme) (see note no. 5 of schedule 17)	21,998.46	-
	22,028.46	-
SCHEDULE - 3 : SECURED LOANS (Refer Note no. 7 of Schedule 17)		
Term Loans		
Industrial Development Bank of India Limited	5,406.40	-
Allahabad Bank	1,999.05	-
State Bank of India	755.93	-
State Bank of Indore	414.79	-
State Bank of Patiala	416.06	-
EXIM Bank	3,150.00	-
Dena Bank	2,850.00	-
Yes Bank Limited	1,111.11	-
(Payable within one year Rs Nil)		
	16,103.34	-
Working Capital from Banks	30,859.81	-
Hire Purchase Loan	0.85	-
(Payable within one year Rs 0.85 Lacs)		
	46,964.00	-
SCHEDULE - 4 : UNSECURED LOANS		
From Promoters	9,006.73	-
Sales Tax Deferment Loan	3,409.80	-
(Refer Note No. 8 of Schedule 17)		
	12,416.53	-



schedules



Schedules forming part of Balance Sheet as at 30th September 2009

PARTICULARS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As on 1-Apr-08 (As per Demerger Scheme)	Additions during the period	Deductions during the period	As on 30-Sep-09	Up to 1-Apr-08 (As per Demerger Scheme)	During the period	Deductions during the period	Up to 30-Sep-09	As on 30-Sep-09	As on 1-Apr-08 (As per Demerger Scheme)
Land	112.76	10.58	-	123.35	-	-	-	-	123.35	112.76
Building	4,411.59	-	-	4,411.59	823.69	218.64	-	1,042.33	3,369.27	3,587.91
Plant and Machinery	54,941.37	27,324.69	1,610.63	80,655.43	19,635.34	5,238.93	1,610.63	23,263.64	57,391.79	35,306.03
Vehicles	379.60	106.86	76.06	410.39	136.16	56.87	31.66	161.36	249.03	243.44
Furniture and Fixtures	172.62	11.56	-	184.18	65.28	16.13	-	81.41	102.77	107.33
Office Equipment	197.13	4.55	-	201.68	57.70	14.05	-	71.76	129.92	139.43
Computers	342.50	26.93	-	369.44	124.47	82.32	-	206.79	162.65	218.03
TOTAL	60,557.57	27,485.17	1,686.69	86,356.05	20,842.63	5,626.94	1,642.29	24,827.28	61,528.77	39,714.94
CWIP	14,617.06	10,905.26	24,317.77	1,204.55						

Schedules forming part of Balance Sheet as at 30th September 2009

(Rs. in Lacs)

	As at 30th September 2009	As at 31st March 2008
SCHEDULE - 6 : INVENTORIES		
(At cost or market value whichever is lower as certified by Management)		
Raw Material	21,459.03	-
Semi-Finished and Finished Goods (including Stock-in-transit)	11,794.65	-
Stores and Spares and Others	3,361.93	-
	36,615.61	-
Stock-in-transit		
Finished Goods	2,589.16	-
SCHEDULE - 7 : SUNDRY DEBTORS		
(Unsecured)		
Outstanding for more than Six months :		-
Considered Doubtful	188.63	-
Others Considered Good	228.89	-
	417.52	-
Less : Provision for Doubtful Debts	188.63	-
	228.89	-
Others Considered Good	21,905.54	-
	22,134.43	-
SCHEDULE - 8 : CASH & BANK BALANCES		
Cash on hand	18.75	0.79
Balances at Bank (with Scheduled Banks)		
In Current Accounts/Cash Credit Accounts	128.43	0.10
In Fixed Deposits	6,764.57	-
(as Margin Money against Letters of Credits, Bank Guarantees)	6,893.00	0.10
	6,911.75	0.89
SCHEDULE - 9 : LOANS & ADVANCES		
(Unsecured and considered good)		
Advances Recoverable in Cash or in Kind or for the Value to be Received	6,940.40	-
Deposits	11.72	-
Advances to Suppliers	673.95	-
Less: Provision for Doubtful Advances	65.12	-
	608.82	-
Balance with Central Excise	2,224.97	-
Interest Receivable	247.61	-
Advance Payment of Tax	160.39	-
	10,193.91	-



schedules

SHREE PRECOATED STEELS LIMITED



Schedules forming part of Balance Sheet as at 30th September 2009

(Rs. in Lacs)

schedules

	As at 30th September 2009	As at 31st March 2008
SCHEDULE - 10 : CURRENT LIABILITIES		
Sundry Creditors:		
for Raw Materials	61,225.36	-
for Capital Goods	348.18	-
for Expenses & Others	1,562.30	-
	63,135.84	-
Advances Received from Customers	858.07	-
Dealer's Deposits	1.50	-
Other Liabilities	2,316.82	-
	66,312.23	-
SCHEDULE - 11 : PROVISIONS		
Provision for Retiring Gratuities	191.94	-
Provision for Leave Encashment	53.21	-
Provision for Wealth Tax	0.97	-
	246.12	-

**Schedules forming part of Profit & Loss Account
for the Eighteen Months period ended 30th September 2009**

(Rs. in Lacs)

	18 months period ended 30th September 2009	Year ended 31st March 2008
<u>SCHEDULE - 12 : OTHER INCOME</u>		
Miscellaneous Income	1,419.10	-
Insurance Claim Received	144.73	-
	1,563.83	-
<u>SCHEDULE - 13 : INCREASE/ (DECREASE) IN INVENTORIES</u>		
Finished Goods		
Closing Stock	11,794.65	-
Less: Opening Stock (Pursuant to Demerger, refer Note No.4 of Schedule 17)	18,566.80	-
Increase/ (Decrease) in Inventories	(6,772.15)	-
<u>SCHEDULE - 14 : PERSONNEL EXPENSES</u>		
Salaries, Wages and Bonus	3,260.32	-
Contribution to Provident Fund and Other Funds	151.95	-
Welfare Expenses	136.63	-
	3,548.90	-



schedules

SHREE PRECOATED STEELS LIMITED



schedules

Schedules forming part of Profit & Loss Account for the Eighteen Months period ended 30th September 2009

(Rs. in Lacs)

	18 months period ended 30th September 2009	Year ended 31st March 2008
SCHEDULE - 15 : MANUFACTURING & OTHER EXPENSES		
Stores and Spares	1,535.27	-
Power, Fuel and Water Charges	12,400.10	-
Rates and Taxes	85.00	-
Insurance	426.38	-
Rent	192.10	-
Travelling and Conveyance	433.52	-
Repairs and Maintenance on :		
Machinery	178.21	-
Building	138.12	-
Others	298.36	-
	614.69	-
Miscellaneous Expenses	1,334.49	-
Marketing and Product Development Expenses	776.26	-
Packing, Freight and Forwarding Expenses	12,421.05	-
Sales Discount	1,384.48	-
Communication Expenses	76.52	-
Legal and Professional Fees	660.50	-
Vehicle Expenses	62.35	-
Bank Charges	2,625.49	-
Payment to Auditors (Refer Note No. 22 of Schedule 17)	15.62	-
Loss on Sale of Asset	20.15	-
Provision for Doubtful debts	110.50	-
Sales tax	2,160.03	-
	37,334.51	-
SCHEDULE - 16 : INTEREST		
Interest Expense on : (A)		
Term Loans	1,509.08	-
Working Capital	13,580.75	-
Others	396.85	-
	15,486.68	-
Interest Income on : (B)		
On Bank Deposits	766.97	-
On Others	286.95	-
	1,053.92	-
Net Interest Expense (A - B)	14,432.76	-
Tax Deducted at Source on :		
Bank Deposits	150.80	-
Others	13.02	-



Schedules forming part of Balance Sheet as at 30th September 2009 and Profit & Loss Account for the Eighteen Months period ended on that date

Schedule - 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES:

a Basis of Accounting:

- i. The financial statements are prepared under Historical Cost Convention and on accrual basis and are in accordance with the requirements of the Companies Act, 1956 of India (the "Act").
- ii. The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

b Fixed Assets:

Fixed Assets are stated at historical cost less accumulated depreciation. Cost is inclusive of inward freight, duties, taxes, and installation expenses; Allocable Pre-operative expenses including trial run expenses, net of cenvat credit and value added tax are capitalized. Interest on borrowing and financing cost during the period of construction is added to the cost of fixed assets.

c Depreciation:

Depreciation has been provided on all the Assets on Straight Line Method, at the rates specified under Schedule XIV to the Act.

d Transaction in Foreign Currency:

- i. Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- ii. Monetary items denominated in foreign currencies at the period end and not covered by forward exchange contracts are translated at the period end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.
- iii. Any income or expenses on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

e Expenditure Pending Allocation:

All the revenue expenses up to the date of commercial production are capitalized and allocated proportionately to the Fixed Assets.

f Inventories:

Items of Inventories are measured at lower of cost or net realizable value. Cost of Inventories comprise of all cost of purchase, cost of conversion and other cost incurred in bringing them to their present location and condition.

- i. **Raw Materials**
At cost including incidental expenses.
- ii. **Finished Goods**
Finished Goods includes saleable Work-in-

- Process, and is valued at cost inclusive of excise duty or net realizable value whichever is lower
- iii. Stores and Spares
At cost including incidental expenses.
- iv. Scrap
At realizable value.
- v. Goods in Transit
At actual cost incurred up to the date of Balance Sheet.

g. Borrowing Cost:

Borrowing costs that are attributable to the acquisition or continuation of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowings cost are charged to revenue.

h. Sales:

Sales include excise duty, insurance, sales tax, freight outward, exchange rate fluctuation on exports and export incentives.

I. Retirement benefit:

In compliance with the Accounting Standard 15 Liability in respect of leave encashment and gratuity is provided on accrual basis. Company's contribution to statutory welfare funds is charged to Profit and Loss Account.

j. Impairment of Assets:

If the carrying amount of Fixed Assets exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

The carrying amounts of the fixed assets are reviewed at each Balance Sheet date. If the carrying amount exceeds the recoverable amount on the reporting date, the carrying amount is reduced to the recoverable amount. The recoverable amount is measured as the higher of the net selling price and the value in use determined by the present value of estimated future cash flows.

k. Contingent Liabilities:

Contingencies, which are likely to materialize into till the date of approval of Accounts by the Board of Directors and having liabilities material effect, are being provided for. Other contingencies are shown as Contingent Liabilities by way of Notes to Accounts.

II. Notes to Accounts:

- 1 The company was incorporated on 17th September 2007 as AJMERA REALITY PRIVATE LIMITED. On 23rd July 2008 company was converted from Private Limited to Public Limited and the name was changed to AJMERA PRECOATED STEELS LIMITED.
2. After the completion of demerger procedure the name of the company has been changed w.e.f. 17th April, 2009



Schedules forming part of Balance Sheet as at 30th September 2009 and Profit & Loss Account for the Eighteen Months period ended on that date

Schedule - 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

(effective date) from AJMERA PRECOATED STEELS LIMITED TO SHREE PRECOATED STEELS LIMITED (SPSL).

3. The current period accounts are drawn for the period of 18 Months from 1st April 2008 to 30th September 2009.
4. The Company has filed Composite scheme of arrangement under section 391 To 394 read with section 100 to 103 of the companies Act 1956 with Honorable High Court of Bombay. Pursuant to the said scheme duly approved by Honorable High Court of Bombay dated 21st March 2009, the steel business of Ajmera Realty & Infra India Limited (ARIIL) has been vested with the company w.e.f. 1st April 2008 (appointed date) and initial capital of the company stand cancelled. Since the company was formed only in 2007 and had no material activities, the previous year figures are not comparable.

The Salient features of demerger scheme are:

- (a) With effect from the Appointed Date:
 - I. the whole of the Steel Division of Ajmera Realty & Infra India Limited (ARIIL), stands transferred to and vested in the Company at their book values as at the close of the business on the day immediately preceding the Appointed Date.
 - II. all assets (both movable and immovable), properties, debts, liabilities, duties, obligations, contracts, agreements, permits, licenses, approvals, permissions, etc relating to the Steel Division of ARIIL stand transferred and vested to the Company.
 - III. all staff, workmen and employees of the Steel Division of ARIIL in service on the Effective Date have become staff, workmen and employees of the Company
 - b) The steel division is transferred to the company as a going concern.
 - c) As a consideration, the Company has issued and allotted 7 (Seven) fully paid up equity shares of Rs.10/- each to the shareholders of ARIIL for every 10 (Ten) equity shares of Rs 10/- each held in ARIIL.
 - d) The ratio of allotment of equity shares of SPSL and reorganization of equity share capital of ARIIL, on demerger, is based on the desired capital structure of ARIIL and SPSL (post-demerger) rather than the value of the Real Estate Division and Steel Division.
 - e) The shareholding of SPSL pursuant to the demerger of the Steel Division of ARIIL is the mirror image of the shareholding of ARIIL (pre-demerger) as on the record date as the new shares of SPSL are issued to the exiting shareholders of ARIIL in proportion to their shareholding in ARIIL.
 - f) After the allotment of new equity shares by Company, the Old Equity Shares of the Company stand cancelled.
5. Based on the scheme approved by the Honorable High Court of Bombay all assets and liabilities and capital reserve pertaining to steel division taken at the book value and 8,27,98,042 shares of Rs. 10 each fully paid up issued to the share holders of ARIIL and balance

amount transfer to General Reserved Account.

6. Contingent liabilities not provided for in respect of:
 - a) Estimated amount of contracts remaining to be executed on capital account & not provided for (net of advances) is Rs.873 Lacs
 - b) Bank Guarantees provided to third parties aggregate Rs.809 Lacs
 - c) Letters of Credit aggregating to Rs12,615 Lacs
 - d) Bills discounted with Banks amounting to Rs.13,738 Lacs
 - e) Demand from Sales Tax Recovery Officer – Kolkatta for Rs.1 Lac
 - f) Suit filed against the Company not acknowledged as debts of Rs. 239 Lacs
7. Secured loans:
 - a. The Term Loans from Financial Institutions and Banks are secured by a first charge on the present and future immovable properties of the Company and on plant and machinery present and future, and a second charge on all the current assets of the Company, present and future, and are collaterally secured by personal guarantees of Shri C. S. Ajmera, Shri R. S. Ajmera and Shri I. S. Ajmera, Promoter Directors' of the Company. The Company has availed fresh loan from Dena Bank and Exim bank during the period which is secured by charge on fixed assets and additional security provided by Directors, Relatives and Third Parties.
 - b. Dues payable to financial institutions as per scheme of rehabilitation of BIFR are further secured by pledge of Promoter Directors' shareholding in the Company.
 - c. The Working Capital limits from consortium of banks are secured by a first charge on all the current assets of the Company, present and future, book debts and receivables and second charge on the fixed assets of the Company.
 - d. The Working Capital from Banks excludes Bills Discounting.
 - e. Hire Purchase Loans are secured by Hypothecation of specific assets.
 8. The ARIIL Company under which unit of this company was granted the new Entitlement Certificate bearing No. 27490293346 V/R-81/1478, dated 12th May 2006 for deferral mode of paying the Sales Tax with effect from 1st April 2005 from exemption availed till 31st March 2005.
The ARIIL Company was permitted in terms of Rule 81 of the Maharashtra Value Added Tax Rules 2005 (MVAT Rules) to defer the Sales Tax Liabilities for the period covered by eligibility Certificate No. FINC/I/1988/Deferral/EC-3552, dated 24th January 2006.
During the period ended net Sales Tax Collected of Rs. 853 Lacs has been considered as unsecured loan. The total amount outstanding of Rs. 3,410 Lacs as on 30th September 2009 is repayable in five equal annual installments commencing from the June 2015.



Schedules forming part of Balance Sheet as at 30th September 2009 and Profit & Loss Account for the Eighteen Months period ended on that date

Schedule - 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

9. Exchange Fluctuation:

Materials consumed and Sales Turnover includes exchange rate difference of Rs. 1554 Lacs (Adverse) and Rs. 2284 Lacs (Adverse) respectively.

10. The company was claiming Export Benefits under Duty Entitlement Pass-Book (DEPB) scheme. From 1st November 2006, the company opted export benefit under Duty Free Import Authorization (DFIA) scheme, Focus Market, Target Plus and also Advance License Scheme and the amount receivable from all the schemes are grouped under the head "Sundry Debtors" and classified under the subhead in "Others considered good".

11. Managerial remuneration (excluding provision for Gratuity and provision for leave encashment on retirement) paid/payable to Directors:

a. Managing / whole time directors:

	(Rs. In Lacs)
Particulars	2008-09
Salaries	NIL
Perquisites	NIL
Total (a)	NIL

b. Directors other than managing / whole time directors:

	(Rs. In Lacs)
Sitting Fees	0.10
Total (b)	0.10
Total (a+b)	0.10

No commission is payable to Wholetime Directors in view of waiver of commission by them for the current period under review and also in view of loss during the current period under review. The Company has been advised that the computation of the net profit for the purpose of remuneration to Director under Section 349 & 350 of the Act need not be enumerated.

12 The company has transferred its steel business as a going concern to Essar Steel Limited (ESL) under Business Transfer Agreement w.e.f. from 29th October 2009. The Company had obtained the requisite approval of its Shareholders under Section 293 (1) (a) of the Companies Act, 1956.

13 The Effect of post sale of Steel Business will be recorded by the company in the year of transaction concluded pending valuation of assets retained by the Company.

14 The accounts of the company have been prepared on the basis of going concern concept in view of future business plans of the company and accordingly Deferred Tax Assets/Liability have been recognized.

15 Deferred Taxation:

The Company has net Deferred Tax Asset of Rs.2,339.32 lacs as on 30th September 2009 which is in accordance with the Accounting Standard - 22 issued by the Institute of Chartered Accountants of India.

Major components of deferred tax arising on account of timing differences are

(Rs. in Lacs)

Particulars	As at 30th September 2009
Liabilities :	
Difference between Book and Tax Depreciation	4,966.69
Total Liabilities	4,966.69
Assets :	
Retirement benefits / Expenses allowable on payment basis	235.80
Loss as per Income Tax Act	7,070.21
Total Assets	7,306.01
Net Asset	2,339.32
Deferred Tax Asset As on Balance Sheet Date	2,339.32
Deferred Tax Asset Provided for the period	2,339.32



Schedules forming part of Balance Sheet as at 30th September 2009 and Profit & Loss Account for the Eighteen Months period ended on that date

Schedule - 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

16. Employee Benefit :

Consequent to Revised Accounting Standards 15 (AS-15) "Employee Benefits" read with guidance note on implementation of AS-15 issued by Institute of Chartered Accountants of India, effective from April 1,2007, the company has reviewed and revised its accounting policy in respect of employee benefits.

	Particulars	Amount in Rs. as on 30.09.2009		
		Gratuity	Leave Salary	Total
I	Reconciliation in Present Value of Obligation (PVO) - defined benefits			
	Current Service Cost	3,723,645	173,888	3,897,533
	Interest Cost	1,516,240	874,774	2,391,014
	Actuarial (gain)/ losses	407,143	(2,064,610)	(1,657,467)
	Benefits Paid	(1,047,006)	(890,132)	(1,937,138)
	Past service cost	NIL	NIL	NIL
	PVO at the beginning of the period	11,484,981	7,064,908	18,549,889
	PVO at end of the period	16,085,003	5,158,828	21,243,831
II	Change in fair value of plan assets :			
	Expected Return on plan assets	1,474,416	NIL	1,474,416
	Actuarial (gain)/ losses	(509,139)	NIL	(509,139)
	Contribution by employers	2,230,927	NIL	2,230,927
	Benefits Paid	(1,047,006)	NIL	(1,047,006)
	Fair value of plan assets at the beginning of the period	8,885,240	NIL	8,885,240
	Fair value of plan assets at end of the period	11,034,438	NIL	11,034,438
III	Reconciliation of PVO and fair value of plan assets :			
	PVO at end of period	16,085,003	5,158,828	21,243,831
	Fair value of plan assets at end of the period	(11,034,438)	NIL	(11,034,438)
	Funded status	NIL	NIL	NIL
	Unrecognised actuarial (gain)/ losses	NIL	NIL	NIL
	Net assets/(liability) recognised in the balance sheet	5,050,565	5,158,828	10,209,393
IV	Net cost for the period ended September 30, 2009 :			
	Current Service Cost	3,723,645	173,888	3,897,533
	Interest Cost	1,516,240	874,774	2,391,014
	Expected Return on plan assets	(1,474,416)	NIL	(1,474,416)
	Actuarial (gain)/ losses	916,282	(2,064,610)	(1,148,328)
	Net Cost	4,681,751	(1,015,948)	3,665,803
V	Category of assets as at September 30, 2009			
VI	Actual return of plan assets	965,277	NIL	965,277
VII	Assumption used in accounting for the gratuity & Leave Salary plan:			
	Discount rate (%)	8%	8%	
	Salary escalation rate(%)	7%	7%	
	Expected amount of return on plan assets	1,474,416	NIL	



Schedules forming part of Balance Sheet as at 30th September 2009 and Profit & Loss Account for the Eighteen Months period ended on that date

Schedule - 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

17. Segment Information:

The Company's Division is only deals in Steel Products hence there is no Primary reportable segment in the context of Accounting Standard AS – 17 issued by ICAI. As the Company's export turnover is significant in the context of the total turnover, geographical segment is considered as the Secondary Segment and are being reported.

Geographical Segment:

		(Rs. in Lacs)
Segment	Description	2008 - 09
Export Segment	Export Sales including Export Incentives (Net of Excise Duty)	151,667.48
Local Segment	Local Sales (Net of excise duty)	64,429.16
Total		216,096.64

18. Related Party Disclosures:

The related party and relationships, as identified by the Management and relied upon by the Auditors, with whom transactions have taken place during the period ended are:

a. List of related parties and their relationship:

Name of the Party	Relationship
A.G. Estate Private Limited	Associate
Ajmera Realty & Infra India Limited	Associate
Ajmera Cement Private Limited	Associate
Ajmera Housing Corporation Banglore	Associate
Ajmera Housing Corporation	Associate
Ajmera Steel Stripes Limited	Associate
Ajmera Water N Amusement Park Private Limited	Associate
Bombay Freeezco Private Limited	Associate
Jolly Brotheres Private Limited	Associate
Kunnuj Investment Private Limited	Associate
Vijay Nagar Appartment	Associate
Rushabh Investments Pvt. Ltd.	Associate
Yogi Nagar Vasahat Private Limited	Associate
Nilkanth Tech Park Private Limited	Associate

b. Directors and their relatives :

Name of the Party	Relationship
Shri Chhotalal S. Ajmera	Chairman & Managing Director
Shri Chhotalal S. Ajmera – HUF	Relative
Shri Rajnikant S. Ajmera	Managing Director
Shri Rajnikant S. Ajmera – HUF	Relative
Shri Ishwarlal S. Ajmera	Director
Shri Ishwarlal S. Ajmera – HUF	Relative
Shri Sanjay C Ajmera	Relative
Shri Bhogilal S. Ajmera	Relative
Shri Natwarlal S. Ajmera	Relative
Shri Shashikant S. Ajmera	Relative
Shri Surendra I. Ajmera	Relative
Shri. Manoj I. Ajmera	Relative
Shri. Jayant I. Ajmera	Relative
Smt. Veena C. Ajmera	Relative
Shri. Atul C. Ajmera	Relative
Smt. Bharati R. Ajmera	Relative
Shri. Dhaval R. Ajmera	Relative

SHREE PRECOATED STEELS LIMITED



schedules

Schedules forming part of Balance Sheet as at 30th September 2009 and Profit & Loss Account for the Eighteen Months period ended on that date

Schedule - 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

c. Related Party Transactions:

(Rs. in Lacs)

Transactions	Associates/ Subsidiary	Directors and Relatives	Key Management Personnel	Period ended 30.09.09 Balances
Purchase of Goods	95	NIL	NIL	166
Sale of Goods	2	NIL	NIL	29
Finance received / (repaid) in form of loans	(22053)	NIL	NIL	608
Rent Paid	NIL	99	NIL	99

d. Disclosure in respect of material transactions with related parties

(Rs. in Lacs)

Nature of Transaction	Related Parties	2008-09
Purchase of goods	- Ajmera Cements Private Limited	20
	- Rushabh Investment Private Limited	75
Sale of Goods	- Rushabh Investment Private Limited	2
Finance received/(repaid) in form of Loans	- Ajmera Cements Private Limited	(14,229)
	- Jolly Brothers Private Limited	(4,550)
	- Ajmera Realty & Infra India limited*	(3274)
* The repayment made on behalf of division now stands and considered as loan post-demergers		
Rent Paid	- Shri Chhotalal S Ajmera	1.63
	- Smt Veena C Ajmera	9.75
	- Shri Sanjay C Ajmera	8.24
	- Shri Atul C Ajmera	1.73
	- Smt Hetal S Ajmera	1.79
	- Shri Bhogilal S Ajmera	9.81
	- Smt Vimla B Ajmera	1.79
	- Shri Ashwin B Ajmera	4.96
	- Shri Rajnikant S Ajmera	4.96
	- Smt Bharti R Ajmera	9.74
	- Shri Dhaval R Ajmera	2.73
	- Shri Shashikant S Ajmera	13.10
	- Smt Kokila S Ajmera	1.73
	- Shri Nimesh S Ajmera	1.67
	- Shri Ishwarlal S Ajmera	9.74
- Shri Natwarlal S Ajmera	3.85	
- Shri Natwarlal S Ajmera (HUF)	3.13	



Schedules forming part of Balance Sheet as at 30th September 2009 and Profit & Loss Account for the Eighteen Months period ended on that date

Schedule - 17 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

19. **Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:**

There are no delays in payment to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006. The above information and that given in schedule 11 –"Current Liabilities" regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

20. Sundry Debtors balances in the Balance Sheet includes Rs.28 lacs receivable from Rushabh Investments Private Limited, the Management of which are related to the Director's of the Company.

21. The Loans and advances includes Rs 650.08 Lacs recoverable from Government Authorities as Custom and Excise Duty refundable.

22. The payment to Auditors of Rs.15.62 lacs includes the following :

Audit Fees – Rs.6.75 lacs

Tax Audit Fess – Rs.1.12 lacs

Certification & Other matters – Rs.1.13 lacs

Interim Audit – Rs.1.12 lacs

Audit under Other Acts – Rs.2.25 lacs

Out of Pocket Expenses – Rs.3.25 lacs

23. **Calculation of Earnings per Share:**

(Rs. in Lacs except Share Data and Earnings per Share)

	18 Months period ended 30th September 2009
Profit / (Loss) available to Shareholders	(15318.80)
Weighted average number of Equity Shares of Rs 10 each outstanding during the period	
No. of Shares	8,27,98,042
Basic / Diluted Earnings per Share (in Rs.)	(18.50)

SHREE PRECOATED STEELS LIMITED



schedules

24. Additional information pursuant to the provisions of Paras 3, 4C & 4D of Part II of the Schedule VI to the Companies Act, 1956.

Sr. No.	Particulars	Unit	Qty.	Rupees in Lacs
(A)	Turnover			
	Manufacturing activities			
(1)	Galvanised Plain Coils/Sheets/ Galvanised Corrugated Sheets	MT	165,720	74,305.69
(2)	Galvanised Plain Colour Coated Coils/Sheets/ Trapezoidal Sheets.	MT	223,358	116,960.42
(3)	Cold Rolled Coils	MT	25,820	10,037.37
(4)	Cold Rolled Annealed Coils	MT	14,822	6,361.21
(5)	Hot Rolled Slitted Coils / Pickled	MT	21,837	7,115.81
(6)	Sale of Export Licenses			2,314.52
(7)	Scrap etc.		-	10,946.13
(8)	Export Incentives		-	5,405.37
(9)	Exchange Rate Gain/ (Loss)		-	(2,284.09)
	Total			231,162.44



24. Additional information pursuant to the provisions of Paras 3, 4C & 4D of Part II of the Schedule VI to the Companies Act, 1956.

Sr. No.	Particulars	Unit	Qty.	Rupees in Lacs
(B)	Material Cost :			
(a)	Raw Material Cost :			
	(1) Hot Rolled Coils	MT	442,648.03	123,512.31
	(2) Galvanised Plain Coils / Galvalume	MT	4,403.38	1,568.87
	(3) Cold Rolled coils	MT	21,698.33	6,594.76
	(4) Zinc	MT	16,734.38	14,795.69
	(5) Paints & Chemicals	Ltrs	6,653,992.75	11,249.20
	(6) Others			6,944.58
	Total (a)			164,665.43
(b)	Exchange Rate fluctuation Loss/ (Gain)			1,553.84
	Total (a + b)			166,219.27

SHREE PRECOATED STEELS LIMITED



schedules

24. Additional information pursuant to the provisions of Paras 3, 4C & 4D of Part II of the Schedule VI to the Companies Act, 1956.

Sr. No.	Particulars	Unit	Qty.	Rupees in Lacs
(C)	Stocks (Finished Goods)			
1	Steel Stock:			
	(1) Cold Rolled coils / plain sheets	MT	10,699	3,060.65
	(2) Galvanised Plain Coils/Sheets/ Galvanised Coils Sheets/ Galvanised Trap sheets	MT	8,215	2,933.99
	(3) Galvanised Colour Coated Coils/Sheets/ Trap./Corrugated Sheets.	MT	10,534	4,642.26
	(4) Scrap (Galvanised Plain + Galvanised Plain Color Coated + Zinc Dross+Aluminium colour coated coils)	MT	615	299.31
	Others			21.56
	(5) Excise Duty on Above			836.87
	Total			11,794.65



24. Additional information pursuant to the provisions of Paras 3, 4C & 4D of Part II of the Schedule VI to the Companies Act, 1956.

(D)	Capacity and Production	Unit	Capacity ₁	Actual production ₂
(I)	(a) Cold Roll & SPRM Coils	MT	590,000	430,681
	(a) Bell Annealing	MT	120,000	25,421
(II)	Continuous Galvanising Line / Galvanised Plain Line	MT	450,000	401,040
(III)	Colour Coating Line			
	(a) Galvanised Plain Colour Coated Coils and Aluminium Colour Coated Coils	MT	400,000	240,742

NOTES :

- 1 As per Industrial Policy 1991, no licences are required for products manufactured by the Company.
- 2 As certified by the management.

SHREE PRECOATED STEELS LIMITED



schedules

24. Additional information pursuant to the provisions of Paras 3, 4C & 4D of Part II of the Schedule VI to the Companies Act, 1956.

(Rs. in Lacs)

Sr. No.	Particulars	For 18 month period ended 30th September 2009	
(E)	Value of Import on C.I.F. basis during the period in respect of:		
	Raw materials		35,320.73
	Capital Goods		376.44
	Stores & Spares		768.99
(F)	Earning in Foreign Exchange : Export of goods on F.O.B. basis		142,432.88
(G)	Expenditure in Foreign Currency on account of :		
	(a) Travelling		205.27
	(b) Sales Commission		576.77
(H)	Value of Raw Material Consumed:		
		Rupees in Lacs	% of total consumption
	(a) Indigenous	135,565	82
	(b) Imported	30,654	18
		166,219	100
(I)	Value of Stores & Spares Consumed:		
		Rupees in Lacs	% of total consumption
	(a) Indigenous	1,227	80
	(b) Imported	309	20
		1,535	100



25. INFORMATION PURSUANT TO PART IV SCHEDULE VI OF THE COMPANIES ACT, 1956

Balance Sheet abstract and Company's general business profile.

(Rs. in Lacs except EPS)

I COMPANY'S REGISTRATION DETAILS :		
Registration No.	:	174206
State Code	:	11
Balance Sheet Date	:	30th September 2009
II CAPITAL RAISED DURING THE PERIOD :		
Public issue	:	Nil
Right Issue	:	Nil
Bonus Issue	:	Nil
Private Placement (including Share Premium)	:	Nil
Issued as per demerger scheme	:	8,279.80
III DETAILS OF MOBILISATION AND DEPLOYMENT OF FUNDS :		
Total Liabilities	:	87,349.47
Total Assets	:	87,349.47
SOURCES OF FUNDS:		
Paid up Capital	:	8,279.80
Reserves & Surplus	:	22,028.46
Secured Loans	:	46,964.00
Unsecured Loans	:	12,416.53
Deferred Tax Assets	:	(2,339.32)
APPLICATION OF FUNDS :		
Net Fixed Assets	:	61,528.77
Capital work in Progress	:	1,204.55
Net Current Assets	:	9,297.35
Debit Balance of Profit & Loss A/c	:	15,318.80
IV PERFORMANCE OF COMPANY :		
Total Income	:	210,888.32
Total Expenditure	:	228,497.17
Loss before Tax	:	17,608.85
Loss after Tax	:	15,318.80
Earning per share	:	(18.50)
Dividend rate %	:	Nil
V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY : (as per monetary terms) :		
Product Description	:	Cold Rolled Coils
Item Code No.	:	7209.30
Product Description	:	Galvanised Coils
Item Code No.	:	7210.9
Product Description	:	Colour coated Galvanised and Aluminum Coils/Sheets
Item Code No.	:	7210.30

SIGNATURE TO SCHEDULE "1" TO "17"

As per our Audit Report of even date
For and on behalf of
V. PAREKH & ASSOCIATES
Chartered Accountants

For and on behalf of Board

CHHOTALAL S. AJMERA - CHAIRMAN & MANAGING DIRECTOR

RASESH V. PAREKH PARTNER
Membership No. 38615

RAJNIKANT S. AJMERA - MANAGING DIRECTOR**O. P. GANDHI - COMPANY SECRETARY**

Place : Mumbai
Dated : 19th December 2009

Place : Mumbai
Dated : 19th December 2009

SHREE PRECOATED STEELS LIMITED

"Citi Mall" Link Road, Andheri (W), Mumbai - 400 053.

ATTENDANCE SLIP

Members attending the Meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.

I hereby record my presence at the SECOND ANNUAL GENERAL MEETING on Saturday, the 30th January 2010 at 11:30 a.m. at 3rd Floor, "Citi Mall", Link Road, Andheri (West), Mumbai - 400053.

Full name of the Member (in block Letters) _____ Signature _____

Ledger Folio No : _____ DP ID No.* _____ Client ID .* _____

* Applicable for member holding shares in electronic form.

Full name of the Proxy (in block Letters) _____ Signature _____

NOTES: 1. Member/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting.
2. Member/Proxyholder desiring to attend the meeting should bring his copy of the Annual Report for reference at the Meeting.

----- TEAR HERE -----

SHREE PRECOATED STEELS LIMITED

"Citi Mall" Link Road, Andheri (W), Mumbai - 400 053.

PROXY

Ledger Folio No _____

I/we _____

of _____ being

a Member/Members of SHREE PRECOATED STEELS LIMITED hereby appoint _____

of _____ or failing him/her _____

of _____ or failing him/her _____

of _____ as my/our Proxy to attend and

vote for me/us and on my/ our behalf at the Second Annual General Meeting of the Company to be held on Saturday, the 30th January 2010 at 11:30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Ledger Folio No : _____ DP ID No.* _____ Client ID .* _____

* Applicable for member holding shares in electronic form.

Revenue
Stamp

This form is to be used ** In Favour of the resolution Unless otherwise instructed, the Proxy will act as thinks fit.
 ** Against

** Strike out whichever is not desired.

Notes: (i) The Proxy must be returned so as to reach the Registered Office of the Company, not less than FORTY-EIGHT Hours before the time holding the aforesaid meeting
(ii) Those members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy



attendance slip & proxy

BOOK-POST

STAMP

If undelivered please return to:

Sharex Dynamic (India) Pvt Ltd.
Unit: SHREE PRECOATED STEELS LTD.
17/B, Dena Bank Building,
2nd floor, Horniman Circle, Fort,
Mumbai - 400 001.