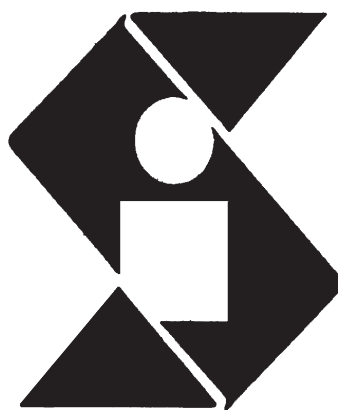


**21ST ANNUAL REPORT
2009-10**



SATHAVAHANA ISPAT LIMITED

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AGM	:	21 st Annual General Meeting.
Day and Date	:	Thursday, the 30th September, 2010
Time	:	3.00 p.m.
Venue	:	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad - 500 038
Date of book Closure		
i) Physical mode	:	16.09.2010 to 30.09.2010 (both days inclusive).
ii) Electronic mode	:	15.09.2010.
ISIN No.	:	INE 176C01016
Listing	:	The Bombay Stock Exchange Limited (BSE) (Stock Code : 526093) National Stock Exchange of India Limited (NSE) (Stock Code : sathaispat)

General Corporate Information

BOARD OF DIRECTORS:	Shri K.Thanu Pillai	Chairman
	Shri A.S.Rao	Executive Vice Chairman
	Shri Khaja Ruknuddin	Director
	Shri Syed Anis Hussain	Director
	Shri S.N.Rao	Director
	Shri A. Naresh Kumar	Managing Director
GENERAL MANAGER (FINANCE) & COMPANY SECRETARY	Shri K.V. Krishna Rao	
AUDITORS	M/s. P V R K Nageswara Rao & Co., Chartered Accountants	
BANKERS:	State Bank of Hyderabad Canara Bank Andhra Bank	
REGISTERED OFFICE	314, Sri Rama Krishna Towers, Nagarjuna Nagar, Ameerpet, Hyderabad - 500 073.	
CORPORATE OFFICE & SECRETARIAL DEPARTMENT	505, 5 th Floor, Block - 1, Divyashakti Complex, Ameerpet, Hyderabad - 500 016.	
SHARE TRANSFER AGENTS	M/s. XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.	
WORKS	1. Haresamudram Village, Bommanahal Mandal, Ananthapur District, Andhra Pradesh. 2. Kudithini Village, Korugodu Road, Bellary District, Karnataka.	

NOTICE OF 21st ANNUAL GENERAL MEETING

NOTICE is hereby given that the 21st Annual General Meeting of the shareholders of **SATHAVAHANA ISPAT LIMITED** will be held at Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad - 500 038 on Thursday, the 30th September, 2010 at 3.00 p.m. to transact the following business:

AS ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended 31st March, 2010 along with the Reports of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint a Director in place of Shri Syed Anis Hussain, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S.N.Rao, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors for the current year under section 224 of the Companies Act, 1956 and fix their remuneration. The retiring Auditors M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, Hyderabad, are eligible for reappointment.

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

"RESOLVED that, pursuant to section 224 of the Companies Act, 1956, M/s. P.V.R.K. Nageswara Rao & Co., Chartered Accountants, (Firm's Registration Number: 0022835) Hyderabad, retiring Auditors of the Company, be and are hereby reappointed as Auditors of the Company till the conclusion of next Annual General Meeting on a remuneration to be decided by the Board of Directors of the Company plus service tax and out of pocket expenses".

AS SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass, with or without any modifications, the following resolution for re-appointment of Shri A.S.Rao, as Executive Vice Chairman as an ORDINARY RESOLUTION:

"RESOLVED that, pursuant to the provisions of Section 198, 269, 309, 310, 311 and Schedule XIII and other applicable provisions if any, of the Companies Act, 1956, and subject to the approval of the financial institutions / Banks from whom the Company availed Term Loans and approval of the members in General Meeting, the approval be and is hereby accorded to the re-appointment of Shri A. S.Rao, Executive Vice Chairman for a period of

five years effect from 27.07.2010 to 26.07.2015 on the following remuneration.

1. **SALARY :**
Salary of Rs.1,80,000/- per month in the scale of Rs.1,80,000 - 30,000 - 3,00,000 per month.
2. **PERQUISITES :**
The following perquisites may be allowed in addition to salary.

CATEGORY A:

- i. **Housing I. :** The expenditure incurred by the Company on hiring furnished accommodation which will be subject to the following ceiling:
Sixty percent of the salary over and above ten percent of the salary payable by Shri A. S.Rao, Executive Vice Chairman; or
Housing II. : In case the accommodation is owned by the Company, ten percent of the salary of the appointee shall be deducted by the Company; or In case no accommodation is provided by the Company a House Rent Allowance subject to the ceiling laid down in Housing I.
Explanation: The expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income-tax Rules, 1962 and shall be subject to a ceiling of ten percent of salary of the appointee.
- ii. **Medical Reimbursement :** Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii. **Leave Travel Concession** for self and family, once in a year incurred in accordance with any rules specified by the Company.
- iv. **Club fee** subject to a maximum of two Clubs. This will not include admission and life membership fee.
- v. **Personal accident insurance** the premium of which shall not exceed Rs. 24,000/- per annum.
- vi. **Medical Insurance premium** the premium of which shall not exceed Rs. 24,000/- per annum.

CATEGORY B:

- i. **Contribution to Provident Fund, Superannuation Fund and Annuity Fund** to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- ii. **Gratuity payable** at a rate not exceeding half a month's salary for each completed year of service, and
- iii. **Encashment of leave** at the end of the tenure.

CATEGORY C:

Provision of car for use on Company's business and telephone at residence. Personal long distance calls on telephone and the use of car for private purpose shall be billed by the Company to Shri A.S.Rao, Executive Vice Chairman.

3. COMMISSION:

1% commission on the net profits of the Company computed in the manner laid down in Section 309(5) of the Companies Act, 1956.

4. MINIMUM REMUNERATION:

In the event of losses or inadequacy of profits during the above period, the Executive Vice Chairman is entitled to the aforesaid salary and perquisites mentioned above as minimum remuneration".

"RESOLVED further that the office of Executive Vice Chairman held by Shri A.S.Rao pursuant to this resolution shall not be liable to determination by retirement of Directors by rotation".

"FURTHER RESOLVED that the Managing Director / the Executive Vice Chairman / the Company Secretary be and are hereby jointly and severally authorised to furnish a copy of this resolution to any person or statutory authority and do all such acts, deeds, things that may be required in this connection including filing of charges electronically, if any, with the Registrar of Companies, Andhra Pradesh at Hyderabad."

Shri A.Naresh Kumar, Managing Director being a relative of Mr. A.S.Rao -the proposed appointee, is deemed to be interested and concerned in the resolution.

By order of the Board

Hyderabad
Date: 27.05.2010

(A. NARESH KUMAR)
MANAGING DIRECTOR

NOTES:

1. THE EXPLANATORY STATEMENT AS REQUIRED UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956 WITH RESPECT TO RE-APPOINTMENT OF EXECUTIVE VICE CHAIRMAN UNDER ITEM 6 ABOVE IS ANNEXED. THE RELEVANT DETAILS OF DIRECTORS, AS REQUIRED BY CLAUSE 49 OF THE LISTING AGREEMENTS ENTERED INTO WITH THE STOCK EXCHANGES, SEEKING RE-APPOINTMENT UNDER ITEM NOS. 3 AND 4 ABOVE ARE ALSO ANNEXED.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE

COMPANY. MEMBER INTENDING TO APPOINT A PROXY SHOULD COMPLETE THE PROXY FORM FURNISHED ELSEWHERE AND DEPOSIT IT AT THE COMPANY'S CORPORATE OFFICE NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

3. THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM **16.09.2010 TO 30.09.2010** (BOTH DAYS INCLUSIVE) FOR TRANSFERS IN PHYSICAL MODE AND ON CLOSING OF **15.09.2010** FOR ELECTRONIC MODE FOR DETERMINING THE NAMES OF MEMBERS ELIGIBLE FOR DIVIDEND, IF APPROVED, ON EQUITY SHARES.
4. THE DIVIDEND ON EQUITY SHARES FOR THE YEAR 2009-10 RECOMMENDED BY THE BOARD OF DIRECTORS, IF DECLARED AT THE GENERAL MEETING, WILL BE PAYABLE ON OR AFTER 1ST OCTOBER, 2010, TO THOSE MEMBERS WHOSE NAMES APPEAR ON THE COMPANY'S REGISTER OF MEMBERS HOLDING SHARES IN PHYSICAL MODE AS ON 30TH SEPTEMBER, 2010 AND TO THOSE BENEFICIAL OWNERS WHOSE NAME APPEARS ON CLOSING OF 15TH SEPTEMBER, 2010 IN THE LISTS PROVIDED BY THE DEPOSITORIES.
5. MEMBERS MAY PLEASE NOTE THAT THE DIVIDEND WARRANTS WILL BE MADE PAYABLE AT PAR AT THE DESIGNATED BRANCHES OF THE BANK PRINTED ON THE DIVIDEND WARRANT FOR AN INITIAL PERIOD OF SIX MONTHS ONLY. THEREAFTER THE DIVIDEND WARRANTS WILL BE REQUIRED TO BE REVALIDATED BY THE COMPANY AND WILL BE MADE PAYABLE ONLY AT DRAWEE BRANCH OF THE BANK. MEMBERS ARE THEREFORE ADVISED TO ENCASH DIVIDEND WARRANTS WITHIN THE INITIAL VALIDITY PERIOD OF SIX MONTHS.
6. MEMBERS HOLDING SHARES IN **PHYSICAL FORM** ARE REQUESTED TO INTIMATE TO THE COMPANY ON OR BEFORE 15TH SEPTEMBER, 2010 THE BANK PARTICULARS TO BE INCORPORATED ON THE DIVIDEND WARRANTS. (IN THE FORM FURNISHED ELSEWHERE IN THIS REPORT) DULY SIGNED BY THE SOLE / FIRST HOLDER.

IN CASE OF SHARE HOLDINGS IN ELECTRONIC FORM, THE BANK ACCOUNT DETAILS OF BENEFICIARIES AS FURNISHED BY THE DEPOSITORIES TO THE COMPANY WILL BE PRINTED ON THEIR DIVIDEND WARRANTS AS PER THE APPLICABLE REGULATIONS OF THE DEPOSITORIES. NO REQUEST SHOULD BE LODGED WITH THE COMPANY / SHARE TRANSFER AGENTS FOR DELETION / CHANGE IN SUCH BANK DETAILS. BANK DETAILS AVAILABLE IN PHYSICAL HOLDING WILL NOT BE AUTOMATICALLY TRANSFERRED TO ELECTRONIC MODE AT THE TIME OF DEMATERIALISATION OF SHARES. MEMBERS HOLDING SHARES IN ELECTRONIC MODE SHOULD ARRANGE TO CHANGE THE BANK DETAILS, IF REQUIRED, WELL BEFORE THE BOOK CLOSURE DATE BY CONTACTING THEIR DEPOSITORY PARTICIPANT.

7. THE COMPANY PROVIDES THE FACILITY OF ELECTRONIC CLEARING SERVICE (ECS) TO ALL SHAREHOLDERS HOLDING SHARES IN ELECTRONIC AND PHYSICAL MODE FOR THE PAYMENT OF DIVIDEND DECLARED AT THE MEETING, AT THOSE CENTERS PERMITTED BY AND SUBJECT TO GUIDELINES ISSUED IN THIS REGARD BY RESERVE BANK OF INDIA.
MEMBERS HOLDING SHARES IN PHYSICAL FORM AND WISHING TO AVAIL THE ECS FACILITY SHOULD LODGE WITH SHARE TRANSFER AGENT, THE ECS MANDATE (COPY OF WHICH IS FURNISHED ELSEWHERE IN THIS REPORT) UNDER SOLE / FIRST HOLDER'S SIGNATURE ON OR BEFORE 15TH SEPTEMBER, 2010. ADDITIONAL COPIES OF ECS MANDATE, IF REQUIRED, CAN ALSO BE OBTAINED FROM THE SHARE TRANSFER AGENT.
8. THE MEMBERS WHO HAVE SO FAR NOT ENCASHED THEIR DIVIDEND WARRANTS RELATING TO THE DIVIDEND DECLARED FOR THE FINANCIAL YEARS ENDING 31ST MARCH, 2003, 31ST MARCH, 2004, 31ST MARCH, 2005, 31ST MARCH, 2006, 31ST MARCH, 2007, 31ST MARCH, 2008 AND 31ST MARCH, 2009 MAY APPROACH THE COMPANY WITHOUT ANY FURTHER DELAY FOR THE PAYMENT OF THE SAID WARRANTS. PURSUANT TO PROVISIONS OF SECTION 205C OF THE COMPANIES ACT, 1956 THE UNCLAIMED DIVIDEND AT THE END OF SEVEN YEARS WILL HAVE TO BE TRANSFERRED TO THE INVESTOR EDUCATION AND PROTECTION FUND OF THE CENTRAL GOVERNMENT, WHEREBY THE MEMBERS WILL NOT BE ABLE TO CLAIM THE SAID DIVIDEND FOREVER THEREAFTER. ACCORDINGLY THE UNCLAIMED DIVIDEND FOR THE YEAR ENDED 31ST MARCH, 2003, 31ST MARCH, 2004, 31ST MARCH, 2005, 31ST MARCH, 2006, 31ST MARCH, 2007, 31ST MARCH, 2008 AND 31ST MARCH, 2009 WILL HAVE TO BE CLAIMED BY THE SHAREHOLDERS ON OR BEFORE 29TH SEPTEMBER 2010, 29TH SEPTEMBER 2011, 29TH SEPTEMBER 2012, 29TH SEPTEMBER 2013, 29TH SEPTEMBER 2014, 29TH SEPTEMBER 2015 AND 29TH SEPTEMBER 2016 RESPECTIVELY AND THEREAFTER IT WILL BE TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND ON OR BEFORE 28TH OCTOBER 2010, 28TH OCTOBER 2011, 28TH OCTOBER, 2012, 28TH OCTOBER, 2013, 28TH OCTOBER, 2014, 28TH OCTOBER, 2015 AND 28TH OCTOBER, 2016 AS THE CASE MAY BE.
9. MEMBERS DESIROUS OF SEEKING CLARIFICATIONS ON ACCOUNTS ARE REQUESTED TO SEND THEIR QUERIES TO THE CORPORATE OFFICE ADDRESS OF THE COMPANY AT LEAST SEVEN DAYS BEFORE THE DATE OF THE ANNUAL GENERAL MEETING TO ENABLE THE COMPANY TO COMPILE AND FURNISH REQUIRED INFORMATION.
10. THE SHAREHOLDERS HOLDING SHARES IN PHYSICAL MODE ARE REQUESTED TO INTIMATE IMMEDIATELY ANY CHANGE IN THEIR ADDRESS REGISTERED WITH THE COMPANY TO THE SHARE TRANSFER AGENTS M/S XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad - 500 034.
11. THE SHAREHOLDERS ARE HEREBY REQUESTED THAT ALL THE CORRESPONDENCE IN CONNECTION WITH THE SHARES BE ADDRESSED TO THE SHARE TRANSFER AGENTS OF THE COMPANY M/S XL Softech Systems Limited, #3, Sagar Society, Road No.2, Banjara Hills, Hyderabad-500 034 OR TO THE COMPANY'S SECRETARIAL DEPARTMENT AT 505, 5TH FLOOR, BLOCK-1, Divyashakti Complex, Ameerpur, Hyderabad - 500 016.
12. PURSUANT TO THE DIRECTIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) THE SHARES OF THE COMPANY ARE TO BE COMPULSORILY TRADED IN DEMAT MODE W.E.F 26TH FEBRUARY, 2001. MEMBERS HOLDING SHARES IN PHYSICAL MODE MAY THEREFORE, CONVERT THEIR EQUITY HOLDINGS OF THE COMPANY INTO DEMAT MODE BY OPENING THE DEMAT ACCOUNTS WITH DEPOSITORY PARTICIPANTS WHO ARE ACTING AS AGENTS TO THE DEPOSITORIES VIZ., NSDL AND CDSL. THE COMPANY HAS BEEN ALLOTTED THE ISIN NO. INE176C01016. HOWEVER, MEMBERS MAY CONTINUE TO HOLD THE SHARES OF THE COMPANY IN PHYSICAL FORM AT THEIR OPTION BUT FOR TRADING THE SAME ON THE STOCK EXCHANGES, CONVERSION INTO DEMAT MODE IS COMPULSORY.
13. MEMBERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT TO THE MEETING. MEMBERS / PROXIES SHOULD FILL THE ATTENDANCE SLIP FOR ATTENDING THE MEETING. MEMBERS / PROXIES ARE REQUESTED TO FILL IN THE CLIENT ID AND DP ID NUMBERS IN CASE OF ELECTRONIC HOLDING AND FOLIO NUMBER IN CASE OF PHYSICAL HOLDING IN THE ATTENDANCE SLIPS. CORPORATE MEMBERS WISHING TO DEPUTE THEIR AUTHORISED REPRESENTATIVES ARE REQUESTED TO SEND A DULY CERTIFIED COPY OF BOARD RESOLUTION AUTHORISING THEIR REPRESENTATIVES TO ATTEND AND VOTE AT THE GENERAL MEETING.
14. MEMBERS HOLDING SHARES IN PHYSICAL FORM AND DESIROUS OF AVAILING THE BENEFIT OF NOMINATION FACILITY IN TERMS OF SECTION 109A OF THE COMPANIES ACT, 1956 READ WITH ARTICLE 64A OF ARTICLES OF ASSOCIATION OF THE COMPANY, MAY DO SO BY SENDING THEIR REQUESTS IN FORM 2B COPY OF WHICH WILL BE MADE AVAILABLE ON A REQUEST TO THE SHARE TRANSFER AGENTS M/S. XL Softech Systems Limited OR COMPANY'S SECRETARIAL DEPARTMENT.
15. THE EQUITY SHARES OF THE COMPANY ARE LISTED ON THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (STOCK CODE: 526093) AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED, MUMBAI (STOCK CODE: SATHAISPAT). THE ANNUAL LISTING FEE TO THE STOCK EXCHANGES WHERE THE COMPANY'S SHARES ARE LISTED HAS BEEN PAID UPTO DATE. THE LISTING ON THE HYDERABAD STOCK EXCHANGE LIMITED, HYDERABAD, (STOCK CODE: SVI) IS NOT IN FORCE AS THE SAID EXCHANGE HAS BEEN DERECOGNISED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No.6:Shri A.S.Rao had been re-appointed as Executive Vice Chairman in the Board Meeting held on 30.06.2005 for a period of five years with effect from 27.07.2005 to 26.07.2010. The appointment was subsequently approved at the 16th Annual General Meeting of the Company held on 30.09.2005. Accordingly his tenure comes to close on 26.07.2010.

Since Shri A.S.Rao is eligible for re-appointment, the Remuneration Committee of the Board of Directors had considered and recommended the re-appointment at its meeting held on 27.05.2010, for a further period of five years and accordingly the Board of Directors at its meeting held on 27.05.2010 approved the re-appointment for a further period of five years effective from 27.07.2010 to 26.07. 2015.

Shri A.S.Rao, the Chief Promoter, is a Director on the Board of the Company since inception.

Shri A.S.Rao, B.Tech (Hons)in Metallurgy is the Chief Promoter of the Company who has to his credit over four and a half decades of experience in the Iron and Steel Industry. He had earlier served in Steel Authority of India Limited (SAIL) for over 21 years before moving on to his own business. He is a first generation entrepreneur and has successfully implemented the existing Pig Iron project in 1992-93 with a distinction of being the first project of its kind to have a Co-generation Power plant and also the least cost project of similar capacity in the country. Mr. Rao was the Managing Director of the Company during the period 1992-1999 and is at present the Executive Vice Chairman of the Company. Mr. A.S.Rao is actively involved in the planning and execution of Company's Greenfield Project for manufacture of Metallurgical Coke and Co-generation Power and its ongoing expansion. Under his able stewardship the Company weathered ups and downs in the industry and maintained a consistent track record of profits.

Keeping in view his contribution to the Company and on the recommendations of the Remuneration Committee, the Board of Directors at its meeting held on 27.05.2010 re-appointed him as Executive Vice Chairman for a further period of five years effective from 27.07.2010 to 26.07.2015 at the remuneration set out in the resolution. Shri A.S.Rao is not liable to retire by rotation of Directors during his tenure as Executive Vice Chairman.

The re-appointment and the remuneration fixed are as per the provisions of the Schedule XIII of the Companies Act, 1956, which does not require the approval of the Central Government but is subject to approval of banks and members in General Meeting.

Accordingly, the approval of the members is being sought by way of ordinary resolution.

Shri A.Naresh Kumar, Managing Director, being a relative of Shri A.S.Rao—the appointee Director is interested in the resolution. No other Director is concerned or interested in the resolution.

Your Board of Directors commend the resolution for your approval.

DETAILS OF DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING

(in pursuance of Clause 49 of the Listing Agreements)

Name of Director	Shri Syed Anis Hussain	Shri S.N.Rao
Date of Birth	29.05.1938	27.10.1948
Date of Appointment	15.12.2005	01.02.1999
Qualifications	M.A.(Econ), C.A.I.I.B.,	B.E.(Mech.)
Expertise in specific functional areas	Over 42 years in Banking-specialized in currency management, Urban Co-operative banking and administration	Over 37 years experience with several leading Companies in India engaged in manufacture of Iron & Steel, Chemicals etc.
List of Companies in which outside directorship held as on 31 st March, 2010.	1. Godavari Drugs Limited. 2. Bio Chemicals & Synthetic Products Limited.	Nil
Chairman / Member of the Committees of the Board of the other Companies in which he is a Director as on 31 st March, 2010.	Nil	Nil

By order of the Board

Hyderabad
Date : 27.05.2010

(A. NARESH KUMAR)
MANAGING DIRECTOR

DIRECTORS' REPORT

To
The Members,
SATHAVAHANA ISPAT LIMITED,

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2010:

FINANCIAL RESULTS:

Your Directors report the following financial results for the year 2009-10:

(Rs. in Lakhs)			
Sl. No.	Particulars	Year ended 31-03-2010	Year ended 31-03-2009
1.	Sales	40776.75	57743.66
2.	Other Income	2329.07	868.45
3.	Operating profit before Interest and Depreciation	6637.94	6116.02
4.	Interest	2048.87	2590.81
5.	Depreciation	1507.00	1457.44
6.	Profit before Tax	3082.07	2067.77
7.	Income Tax adjustment and provision	537.10	756.03
8.	Net Profit after Tax	2544.97	1311.74
9.	Add: Profit brought forward from last year	3590.59	3337.36
10.	Available for appropriation	6135.56	4649.10
11.	Less: Transfer to General Reserve	1000.00	500.00
12.	Less: Proposed Dividend	501.00	477.38
13.	Less: Provision for Corporate Dividend Tax	83.21	81.13
14.	Balance carried forward	4551.35	3590.59
15.	Earning per Equity Share-Basic	7.73	4.12
16.	Earning per Equity Share-Diluted	7.73	3.93

Your Directors are pleased to report that the Company's performance is satisfactory. This performance is despite global recession consequent to the financial crisis and subdued commodity markets throughout the year. The sales turnover is lower at Rs.40776.75 Lakhs during the year under review as against Rs. 57743.66 Lakhs in the last year. The lower turnover was mainly due to decline in sales realisation and also due to job works undertaken by the Company. However the Profit before Tax for the year improved to Rs.3082.07 Lakhs as compared to Rs.2067.77 Lakhs in the year before. The Net Profit after Tax for the year also improved to Rs.2544.97 Lakhs as against Rs.1311.74 Lakhs in the previous year. The profits would have been better but for the reduced margins on Pig Iron and Metallurgical Coke sales. However, the profits have gone up due to full year operations of Co-generation Power plant. The Earning Per Share is at Rs.7.73 as against Rs.4.12 in the last year. A sum of Rs.1000 Lakhs (previous year Rs.500 Lakhs) was transferred to General Reserve.

DIVIDEND:

The Board of Directors have recommended a dividend of 15% (Rs.1.50 per Share) for the year 2009-10, same as in the previous year. The proposed dividend involves an outlay of Rs.501.00 Lakhs and the applicable Corporate Dividend Tax on the proposed dividend amounting to Rs.83.21 Lakhs will be borne by the company. Thus the total outflow on account of dividend payment works out to Rs.584.21 Lakhs. Due to funds commitment for implementation of the expansion of Kudithini plant, the dividend rate has been maintained at 15% for the year 2009-10 and is being paid out of current year profits.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, Your Directors hereby confirm that:

- i) The applicable Accounting Standards have been followed in the preparation of Annual Accounts for the Financial Year 2009-10;

- ii) The accounting policies selected were applied consistently and the judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2010 and of the Profit of the Company for the year ended on the date;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and,
- iv) The Annual Accounts have been prepared on a going concern basis.

AUDIT COMMITTEE:

The Audit Committee was reconstituted by appointing Shri S.N.Rao as member of the committee effective from 30th April 2009. The Audit Committee now comprises Chairman -Shri K.Thanu Pillai, independent Director and three other independent Director members -Shri Khaja Ruknuddin, Shri Syed Anis Hussain and Shri S.N.Rao. The Audit Committee at its meeting held on 27th May 2010 has considered and approved the Audited Accounts for the financial year ended 31st March 2010. The Audited Accounts for the financial year ended 31st March 2010, as approved and recommended by the Audit Committee, do not require any explanations from the Board.

CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed, Company is required to comply with the Code of Corporate Governance for the financial year under review. Accordingly, the reports on Corporate Governance and Management Discussion and Analysis together with Auditors' Report on compliance of Corporate Governance are attached to this report and forms part of the Annual Report.

PROJECT:

The expansion of the Coke making facility by 150000 tpa and augmentation of additional Co-generation power of 10 MW at Kudithini plant is under progress. The expansion of these facilities is expected to be completed by second quarter of 2010. The Company has also taken up works to de-bottleneck idle capacity in the Turbine Generator capacity by installing coal fired CFBC Boiler whereby the total power generating capacity would go up to 50 MW. This work is likely to be completed by September 2010.

DIRECTORS:

Shri Syed Anis Hussain and Shri S.N.Rao Directors are liable for retirement by rotation at the end of the ensuing 21st Annual General Meeting and being eligible, offers themselves for re-appointment at the said Annual General Meeting.

Shri A.S.Rao has been re-appointed as Executive Vice Chairman for a further period of five years effect from 27th July 2010 and approval of the members for the said re-appointment is being sought in the ensuing Annual General Meeting.

AUDITORS:

M/s. P V R K Nageswara Rao & Co., Chartered Accountants, Hyderabad retire as auditors at this Annual General Meeting and are eligible for reappointment.

EMPLOYEES:

The particulars of employees required to be furnished pursuant to section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) rules, 1975, as amended, are given in the Annexure forming part of this report.

SHARE CAPITAL:

During the year the promoters exercised the option for conversion of 1575000 Share Warrants to 1575000 Equity Shares in terms of preferential allotment made in March 2008. Accordingly the paid-up capital increased by Rs.1,57,50,000/- and share premium by Rs.7,87,50,000/-.

DEMATERIALISATION OF EQUITY SHARES:

The Agreements entered into by the Company with the two Depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialisation of shares are in force and the Company's shares are in dematerialised mode under ISIN No. INE 176C01016. As per the Securities and Exchange Board of India (SEBI) directives, the equity shares of the Company are to be compulsorily traded in dematerialisation form with effect from 26th February 2001. In view of the significant benefits that accrue on dematerialisation of securities, members may avail the facility.

LISTING OF SHARES ON STOCK EXCHANGES:

The equity shares of the Company are regularly traded on the Bombay Stock Exchange Limited (Stock Code : 526093) and The National Stock Exchange of India Limited (NSE) (Stock Code : sathaispat). The listing fee to these stock exchanges has been paid upto date. The listing on Hyderabad Stock Exchange Limited (Stock Code : SVI) is not in force as the said exchange was de-recognised by the Securities and Exchange Board of India.

STATUTORY INFORMATION:

Information on conservation of energy, technology absorption, foreign exchange earnings and out go required to be disclosed under section 217 (1) (e) of the Companies Act, 1956, is given in the Annexure forming part of this report.

FIXED DEPOSITS:

During the year the Company has not accepted / renewed fixed deposits within the meaning of Section 58-A of the Companies Act, 1956 from the Shareholders and Directors. There are no overdue deposits or outstanding deposits as on the Balance Sheet date.

ACKNOWLEDGMENTS:

Your directors take this opportunity to express their grateful thanks to Canara Bank, State Bank of Hyderabad, Andhra Bank, Shareholders, Central and State Governments and valued suppliers and customers for their co-operation and support. The Board also places on record its appreciation of the valuable services rendered by the employees at all levels of the Company.
for and on behalf of the Board

Hyderabad
Date: 27.05.2010

(K. Thanu Pillai)
Chairman

ANNEXURE TO DIRECTORS' REPORT

Statutory information as required under section 217(1)(e) of the Companies Act, 1956.

- a) Conservation of Energy: The Company has set-up a Captive Co-generation Power plants, which utilise surplus Blast Furnace gas and waste heat from exhaust gases of Coke Ovens. The Power plants have been functioning satisfactorily.
- b) Technology absorption: The technology sourced from China Shougang for the Pig Iron plant expansion and Anshan Technology for Metallurgical Coke plant at Kudithini, both technologies sourced from P.R.China, stand fully absorbed.
- c) Foreign Exchange earnings and outgo:

(Rs. Lakhs)

I)	Foreign Exchange earnings	:	
a)	F.O.B value of exports	:	Nil
II)	Foreign Exchange outgo:		
a)	C.I.F. value of imports:		
1)	Raw materials, Stores and Spares	:	23361.99
2)	Capital Goods	:	3838.92
b)	Travelling expenses	:	17.70
c)	Usance interest	:	298.39
d)	Dividend	:	73.52

Information pursuant to Section 217 (2A) of the Companies Act, 1956 Read with the Companies (Particulars of Employees) Rules 1975

Sl. No.	Name / Designation	Qualifications	Age (years)	Experience (years)	Date of Commencement of employment	Gross Remuneration Rs.	Name of Last Employer / Post held
1.	Shri A. Naresh Kumar Managing Director	B. Tech M.S.(USA)	39	20	01.06.1999	5469859	Chemical Market Resources Inc., Project Manager
2.	Shri A.S.Rao Executive Vice Chairman	B.Tech (Hons)	67	47	01.07.1991	4517660	Steel Authority of India Limited / Addl. Chief (Marketing)

- Notes: 1. Gross remuneration includes salary, H.R.A., commission and other perquisites.
2. The conditions of employment are contractual.
3. Sri A. Naresh Kumar and Sri A.S.Rao are related to each other.

for and on behalf of the Board

Hyderabad
Date: 27.05.2010

(K. Thanu Pillai)
Chairman