



SATHAVAHANA ISPAT LIMITED

22ND
ANNUAL REPORT
2010 - 11

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AGM	:	22 nd Annual General Meeting.
Day and Date	:	Friday, the 30th September, 2011
Time	:	3.00 p.m.
Venue	:	Sri Sagi Ramakrishnam Raju Community Hall, Madhura Nagar, Hyderabad - 500 038
Date of book closure :		
i) Physical mode	:	16.09.2011 to 30.09.2011 (both day inclusive)
ii) Electronic mode	:	15.09.2011
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
CHIEF FINANCIAL OFFICER & 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, 5th 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	<ol style="list-style-type: none"> 1. Haresamudram Village, Bommanahal Mandal, Ananthapur District, Andhra Pradesh. 2. Kudithini Village, Korugodu Road, Bellary District, Karnataka. 	

NOTICE OF 22ND ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd 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 Friday, the 30th September, 2011 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, 2011 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 K.Thanu Pillai, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Khaja Ruknuddin, 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”.

By order of the Board

Hyderabad
Date: 30.05.2011

(A. NARESH KUMAR)
MANAGING DIRECTOR

NOTES:

1. 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 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 **16.09.2011 TO 30.09.2011** (BOTH DAYS INCLUSIVE) FOR TRANSFERS IN PHYSICAL MODE AND ON CLOSING OF **15.09.2011** 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 2010-11 RECOMMENDED BY THE BOARD OF DIRECTORS, IF DECLARED AT THE GENERAL MEETING, WILL BE PAYABLE ON OR AFTER 5TH OCTOBER, 2011, TO THOSE MEMBERS WHOSE NAMES APPEAR ON THE COMPANY'S REGISTER OF MEMBERS HOLDING SHARES IN PHYSICAL MODE AS ON 30TH SEPTEMBER, 2011 AND TO THOSE BENEFICIAL OWNERS WHOSE NAME APPEARS ON CLOSING OF 15TH SEPTEMBER 2011 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 2011 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 CENTRES 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, 2011. 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, 2004, 31ST MARCH, 2005, 31ST MARCH 2006, 31ST MARCH 2007, 31ST MARCH 2008 31ST MARCH 2009 AND 31ST MARCH 2010 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 MAINTAINED BY 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 2004, 31ST MARCH, 2005, 31ST MARCH 2006, 31ST MARCH 2007, 31ST MARCH 2008, 31ST MARCH 2009 AND 31ST MARCH 2010 WILL HAVE TO BE CLAIMED BY THE SHAREHOLDERS ON OR BEFORE 29TH SEPTEMBER 2011, 29TH SEPTEMBER 2012, 29TH SEPTEMBER 2013, 29TH SEPTEMBER 2014, 29TH SEPTEMBER 2015, 29TH SEPTEMBER 2016 AND 29TH SEPTEMBER 2017 RESPECTIVELY AND THEREAFTER IT WILL BE TRANSFERRED TO INVESTOR EDUCATION AND PROTECTION FUND ON OR BEFORE 28TH OCTOBER 2011, 28TH OCTOBER 2012, 28TH OCTOBER 2013, 28TH OCTOBER 2014, 28TH OCTOBER 2015, 28TH OCTOBER 2016 AND 28TH OCTOBER 2017 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 SECRETARIAL DEPARTMENT OF THE COMPANY AT 505, 5TH FLOOR, BLOCK-1, DIVYASHAKTI COMPLEX, AMEERPET, 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 DERECOGINSED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA.

**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 K. Thanu Pillai	Shri Khaja Ruknuddin
Date of Birth	14.05.1935	03.01.1933
Date of Appointment	29.01.1999	30.07.2001
Qualifications	B.Com., M.B.A., CAIIB.	B.A., LL.B., CAIIB
Expertise in specific functional areas	About four decades in Commercial Banking and Financial Management	About four decades in Commercial Banking, Human Resources and Financial Management.
List of Companies in which outside directorship held as on 31 st March, 2011.	<ol style="list-style-type: none"> 1. BSCPL Infrastructure Limited 2. Sagar Cements Limited 3. LVS Energy (P) Limited 4. Amar Biotech Limited 5. Aishu Castings Ltd. 6. Aishu Projects Ltd. 7. Bollineni Developers Limited 8. BSCPL Infra Projects Limited 9. Krishna Institute of Medical Sciences. 10. Simhapuri Expressways Limited 	Babuji Estates Pvt. Ltd.
Chairman / Member of the Committees of the Board of the other companies in which he is a Director as on 31st March, 2011.	<ol style="list-style-type: none"> 1. Member, Remuneration Committee, Sagar Cements Limited. 2. Member, Audit Committee, Sagar Cements Limited. 3. Member, Audit Committee, LVS Energy (P)Limited. 	NIL

By order of the Board

Hyderabad
Date: 30.05.2011

(A. NARESH KUMAR)
MANAGING DIRECTOR

DIRECTORS' REPORT

To
The Members,
SATHAVAHANA ISPAT LIMITED,

Your Directors have pleasure in presenting the 22nd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2011.

FINANCIAL RESULTS:

Your Directors report the following financial results for the year 2010-11:

SL NO.	Particulars	(Rs. in Lakhs)	
		Year ended 31-03-2011	Year ended 31-03-2010
1.	Sales	70757.99	40776.75
2.	Other Income	980.96	2329.07
3.	Operating Profit before Interest and Depreciation	12072.39	6637.94
4.	Interest	2492.36	2048.87
5.	Depreciation	1677.21	1507.00
6.	Profit before Tax	7902.82	3082.07
7.	Income Tax adjustment and provision	2248.75	537.10
8.	Net Profit after Tax	5654.07	2544.97
9.	Add: Profit brought forward from last year	4551.35	3590.59
10.	Available for appropriation	10205.42	6135.56
11.	Less: Transfer to General Reserve	2500.00	1000.00
12.	Less: Proposed Dividend	622.80	501.00
13.	Less: Provision for Corporate Dividend Tax	101.03	83.21
14.	Balance carried forward	6981.59	4551.35
15.	Earning per Equity Share-Basic	16.91	7.73
16.	Earning per Equity Share-Diluted	16.81	7.73

Your Directors are glad to report that the Company achieved during the year an all round improvement in its performance, despite setbacks on raw material front and thus the performance achieved is considered to be satisfactory. The sales and profitability have gone up significantly partially due to commissioning of Metallurgical Coke capacity and partially due to prudent inventory management and improved sales realisations. The gross sales turnover at Rs.70757.99 Lakhs is higher by 73.53% as compared to previous year's turnover of Rs.40776.75 Lakhs. In line with the improved turnover the Profit before Tax too has gone up from Rs.3082.07 Lakhs to Rs.7902.82 Lakhs. Similarly the Net Profit after Tax has gone up from Rs.2544.97 Lakhs to Rs.5654.07 Lakhs. The non availability of raw materials like Iron Ore and high increase in Coking Coal prices had curtailed the margins but for which the profitability would have been even better. The Earning Per Share at Rs.16.91 as compared with Rs.7.73 in the previous year has more than doubled. Out of the amount available for appropriation, an amount of Rs.2500 Lakhs has been transferred to General Reserves.

DIVIDEND:

The Board of Directors have recommended a Dividend of Rs.1.80 per Share (18%) for the year 2010-11, an increase by 3%. The proposed Dividend involves an outlay of Rs.622.80 Lakhs and the applicable Corporate Dividend Tax on the proposed Dividend amounting to Rs.101.03 Lakhs will be borne by the Company. Thus the total outflow on account of Dividend payment works out to Rs.723.83 Lakhs. Due to funds commitment for implementation of the integrated expansion project at Haresamudram plant, a moderate increase in the dividend rate has been considered for the year 2010-11 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 2010-11;

- 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 2011 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 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 30th May 2011 has considered and approved the Audited Accounts for the financial year ended 31st March 2011. The Audited Accounts for the financial year ended 31st March 2011, 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 has been commissioned on 23.12.2010. Works to de-bottleneck idle capacity in the Turbine Generator capacity by installing coal fired CFBC Boiler as also augmentation of additional Co-generation power of 10 MW from the expanded Coke making facility, whereby the total Power generating capacity would go up to 50 MW will be commissioned in second quarter of financial year 2011-12 due to some teething troubles.

DIRECTORS:

Shri K.Thanu Pillai and Shri Khaja Ruknuddin, Directors are liable for retirement by rotation at the end of the ensuing 22nd Annual General Meeting and being eligible, offer themselves for re-appointment at the said 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:

In terms of approval accorded by the members at the Extraordinary General Meeting held on 15th December 2010, the Company on 15th March 2011 allotted 4200000 Share Warrants to Ganapati Adusumilli Fininvest Private Limited - an associate entity of Promoters' Group and 800000 equity shares to Stemcor AG, at an issue price of Rs.60/- per Share Warrant / Equity Share, inclusive of share premium of Rs.50/- per each Share Warrant / Equity Share. Ganapati Adusumilli Fininvest Private Limited has since exercised option of conversion of 400000 Share Warrants to 400000 Equity Shares. Accordingly, as on 31st March 2011, 3800000 Share Warrants are outstanding where an amount of Rs.15/- per Share Warrant is paid up aggregating to Rs.57000000/-. Subsequent to the above issue / allotment the paid up share capital has gone up by Rs.12000000/- and share premium by Rs.60000000/-.

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 (BSE) (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 (HSE) (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

Place: Hyderabad

Date: 30.05.2011

(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 Captive Power Generation 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. in Lakhs)

I)	Foreign Exchange earnings	:	
a)	F.O.B value of exports	:	Nil
II)	Foreign Exchange outgo:		
a)	C.I.F. value of imports:		
i)	Raw materials, Stores and Spares	:	43834.20
ii)	Capital Goods	:	11.33
b)	Travelling expenses	:	16.95
c)	Usance interest	:	334.05
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)	40	21	01.06.1999	10778148	Chemical Market Resources Inc., Project Manager
2.	Shri A.S.Rao Executive Vice Chairman	B.Tech (Hons)	68	48	01.07.1991	10047144	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

Place: Hyderabad

Date: 30.05.2011

(K. Thanu Pillai)

Chairman

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Sathavahana Ispat limited believes that the code of Corporate Governance is a necessary discipline and a means of achieving and attaining the goals and objectives of the Company and only proper governance implemented in true spirit would lead to effectiveness and transparency in the functioning of a Corporate. The Company lays emphasis on basic governance issues and supports the broad principles of governance code viz., transparency, accountability and integrity.

Company's philosophy on Corporate Governance accordingly envisages attainment of high level of transparency, accountability and integrity in all its areas of operations on the one hand and in its interactions with stakeholders viz., shareholders, employees, customers, suppliers, lenders and the government on the other, with ultimate object of protecting the interests of all stakeholders, and enhancing the shareholders value over a sustained period of time.

2. BOARD OF DIRECTORS:

The Board of Directors consists of six Directors of which two are Executive and four are Non-executive Directors and among these two are Promoter Directors and four are Independent Directors. The Independent Directors constitute 66.67% and Non-executive Directors constitute 66.67% of the board's strength. The Chairman of the board is Non-executive, Independent Director.

* Composition and category of Directors is as follows:

Category	Name of the Director
I. Executive Directors	1. Shri A.S.Rao
a) Promoters	2. Shri A.Naresh Kumar
II. Non-executive Directors	1. Shri K. Thanu Pillai
a) Independent	2. Shri Khaja Ruknuddin
	3. Shri Syed Anis Hussain
	4. Shri S.N.Rao

*Attendance of each Director at the Board of Directors meetings and the last Annual General Meeting:

Name of the Director	Board meetings		Attendance at Last AGM
	Held	Attended	
Shri K.Thanu Pillai	8	8	Yes
Shri A.S.Rao	8	8	Yes
Shri Khaja Ruknuddin	8	6	Yes
Shri Syed Anis Hussain	8	8	Yes
Shri A.Naresh Kumar	8	8	Yes
Shri S.N.Rao	8	6	Yes

*Number of other Board of Directorships, Board Committees he is a Member or Chairperson of:

Name of the Director	Board of Directors		Board Committees	
	Director	Chairman	Member	Chairman
Shri K.Thanu Pillai	10	None	3	None
Shri A.S.Rao	3	None	None	None
Shri Khaja Ruknuddin	1	None	None	None
Shri Syed Anis Hussain	2	None	None	None
Shri A.Naresh Kumar	3	None	None	None
Shri S.N.Rao	None	None	None	None

None of the Directors on the Board are members in more than ten committees and they do not act as Chairman of more than five committees across all companies in which they are Directors.

•Number of board meetings held, dates on which held:

During the year the Company has held eight Board of Directors meetings. The dates on which these meetings held were: 30th April 2010; 27th May 2010; 2nd August 2010; 30th September 2010; 12th November 2010; 16th November 2010; 14th February 2011 and 15th March 2011. The maximum interval between any two meetings was not more than three calendar months.

•Reappointment of Directors at the 22nd AGM:

Shri K. Thanu Pillai and Shri Khaja Ruknuddin are liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible have offered themselves for re-appointment.

Shri K. Thanu Pillai, B.Com. CAIIB, M.B.A., is a retired banking professional who has served State Bank Group for about 35 years and retired as Managing Director of State Bank of Hyderabad. He is an independent Director on the Board of Directors of the Company. Mr. Thanu Pillai is also a Director on